

# *The* NATIONAL UNDERWRITER

**PROTECTIVE INDEMNITY COMPANY**  
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**PROTECTIVE  
INDEMNITY COMPANY**

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**THURSDAY, AUGUST 19, 1943**

# BONDS!

## FIDELITY and SURETY



THE TRAVELERS INDEMNITY COMPANY  
Hartford, Connecticut

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## Father Draft Is Ominous Insurance Prospect

### Managements Fear Exo- dus to Jobs with Defer- ment Possibilities

WASHINGTON—Occupations in the insurance field are not regarded at selective service headquarters here as essential and, therefore, deferrable, under the new program for drafting fathers, save in very special cases involving key men having expert and particular qualifications.

A selective service spokesman, however, explained that each individual "insurance father" will be treated as an individual case by his local board, just as holds in other industries and occupations. An exceptional man who cannot be replaced for the time being may be given deferment until he can be replaced.

#### Refers to Department Heads

This refers to department heads, etc., it was explained. It was added that an insurance salesman could hardly expect deferment if qualified for the draft.

Under the new War Manpower Commission program concerning the drafting of fathers and the new classification of occupations, it was explained that a young father in the insurance business within the scope of selective service, can obtain employment in industries considered essential where he would be in line for deferment.

#### CREATES SERIOUS PROBLEM

The announcement of the latest changes in the rules for inducting men under the selective service system that was put out last Saturday is being studied closely by insurance agents and company employees that are between the ages of 18 and 37 and are pre-Pearl Harbor fathers and also by insurance managements. During the past month or so and presently the calling up of married men without children in large numbers has caused some serious losses in office and field in the insurance ranks. The effect was somewhat uneven depending on just how many men of this category happened to be employed at a particular place. Some offices were hit amidsthip and don't know where to turn to make up the loss. Many of these men are in their middle thirties and occupied key positions.

If the drafting of fathers takes place in large proportions, insurance companies and agencies will face an even more critical depletion, operations may have to be further simplified and attention concentrated upon the most essential and pressing phases of the work to the exclusion of services that are less vital.

#### Emphasis on Occupation

Due to the fact that in the announcement of the latest selective service changes emphasis is placed on the occupation factor as governing the induction of fathers, many an insurance man with children over the weekend must have pondered the advisability of seeking war industry employment and insurance employers undoubtedly wondered how many if any of their men might seek other employment that prom-

(CONTINUED ON PAGE 31)

## July Loss Up 19%; Seven Month Total Higher by 12.5%

Continuing the sharply higher trend that set in early this year, the National Board estimates the July fire loss at \$25,016,000. This was one of the worst July records ever experienced. The figure compares with \$23,698,000 in July, 1942, the increase being 19.13%.

For the first seven months of this year the losses were \$215,530,000 as compared with \$191,492,000 for an increase of 12.55%. Commencing in March of this year the increase over the comparable month of the previous year has been of major proportions. The increase in March was roughly 28%, April 21%, May 26%, June 20% and July 19%.

Losses for the 12 months ending July 31 amounted to \$338,887,000, which is a new 12-month high for any recent year and compares with \$326,198,000 in the same period a year earlier, for an increase of \$12,689,000.

	1941	1942	1943
Jan.	\$26,470,000	\$35,565,000	\$27,733,000
Feb.	26,102,000	30,819,000	33,175,000
March	31,471,000	30,505,000	39,214,000
April	29,330,000	27,960,000	34,241,000
May	25,637,000	23,233,000	29,297,000
June	24,943,000	22,410,000	26,854,000
July	23,698,000	21,000,000	25,016,000

Total \$187,651,000 \$191,492,000 \$215,530,000

## Government May Train Wounded for Insurance Work

WASHINGTON—In the Veterans Administration extensive program for rehabilitation of wounded veterans, it is understood to be possible that some may be trained at government expense to become insurance men.

A Veterans Administration spokesman stated that a disabled veteran can choose what he wants to do. However, it was stated, his background, education, personality, and other factors would be taken into consideration by vocational officers of the administration.

They will consult with the men and advise them. The outcome will depend upon the individual applicant for vocational training and rehabilitation, his natural aptitude, personality, background, etc.

"There is hardly anything that does not get a green light, provided the case is meritorious," said the administration spokesman.

#### Training Will Be Extensive

While in training the men will receive increased compensation from the government. Training may continue for four years, but must be completed within six years after the end of the war. The training will be carried on, as far as practicable, at places near the trainee's residence.

Applicant must show service in the present war, honorable discharge, disability resulting from service, and need of vocational rehabilitation to overcome the handicap of his disability.

However, if his disability does not prevent the man from doing what he did before the war he may not receive vocational rehabilitation.

#### No Mutual Convention in 1943

Secretary Harry Cooper of the National Association of Mutual Insurance Companies states that the annual meeting has been "indefinitely postponed" and there will be no convention this year.

## Contingent U. & O. Much in Demand From Many Sources

Reflecting the tendency of the day on the part of assured to buy extremely full insurance protection a big increase is reported in the sale of contingent U. & O. cover these days. Numerous lines are being placed in large amounts. With supplies of almost every kind so limited, manufacturers, processors, wholesalers, etc., know that if a particular supplier should be burned out it might be impossible to make a new connection. Thus the idea of insuring against loss of earnings due to destruction or damage of a supplier has a strong appeal. Most assured are buying contingent U. & O. without the priorities restriction clause.

Another popular form of cover just now is profits insurance. Jobbers in considerable number are buying such cover to insure the profits on finished articles on hand or for which they have contracted.

## Poor Material Is Cause of Number of Recent Claims

Companies writing large industrial plants, especially those that have to do with war and defense work, have noticed that the loss ratio is continually climbing. There may be several factors that are causing this. In the first place the plants are going at a lively clip nearly all the time and the housekeeping undoubtedly is not as efficient as when there was time to clean up.

#### Cheap, Hurried Construction

The chief cause seems to be that in the erection of many of these buildings the material was not up to par and the work was done at a rapid pace. Therefore the construction lent itself to loss. In many cases it was found that the paint used was a cheap variety, whereas if the times had been normal a fire retardant paint would have been used.

Contractors in order to get jobs completed resorted to all sorts of devices. In many cases, priority rulings forced them to purchase substandard material.

## DPC Insurance Issue Publicized in Chicago

The Chicago "Tribune" Tuesday morning on its financial page printed a story that Defense Plant Corporation has canceled fire and associated coverage on certain war plants. However, it was made clear in the article that this did not represent any change in policy and that there had been no wholesale cancellations.

#### No Widespread Action

Walter Sundstrom, assistant manager of the Chicago branch of Factory Association, was quoted as saying that the government had ordered a few cancellations but that there had been no widespread action in this direction. John L. Wilds, president of Protection Mutual Fire of the Factory Mutual group, said the insurance companies should be allowed to retain the business in the hope of eventually breaking even because they had carried the plants through the hazardous construction period. It was stated that many of the cancellations that had been ordered came after the construction had been completed. On some buildings, it was stated DPC has never purchased insurance.

## B. D. O. to Base Survey on U. S. Census Data

### More Impressive to Public Than an Independent Enumeration

NEW YORK—The census covering the insurance business which M. W. Mays, director of the Business Development Office, will present at the annual meeting of the National Association of Insurance Agents will be based on the 1940 federal census rather than on an independent enumeration.

This is being done for several reasons. For one thing, the 1940 census listed occupations of persons covered. Mr. Mays was at that time with the census bureau and had charge of the survey covering insurance. Another reason is that because of war conditions 1940 was a much more typical year than 1943, while the current personnel shortage would make the additional burden of cooperating on the necessary questionnaires virtually prohibitive.

#### Will Seem More Authentic

However, probably the most compelling factor is that a survey based on official federal census figures will prove much more impressive to those outside the insurance business, who might feel that a survey by the industry had been exaggerated to prove a case.

It is extremely desirable to have the survey as authentically based as possible, as a major objective is to make the public conscious of the insurance business and bring out the idea that insurance people, by and large, are leaders in their communities and are important as a group and as individuals. In this connection it is the B.D.O.'s hope that one result of the survey will be to impress on the buyers of insurance the importance of insurance people and their families as a market for their products.

#### Will Be Comprehensive

The survey will be as comprehensive as possible, covering not only those engaged in the insurance business but those in their households as well. The latter may or may not be dependents of the insurance people concerned. The term "dependent" is not being used, as any attempt to define a dependent runs into too many borderline cases.

The survey will include those engaged in the insurance business in any capacity whatever. Thus for example a window-washer employed full-time by the home office of an insurance company would be considered as being within the scope of the survey. On the other hand, a window-washer working for a building largely tenanted by insurance offices would not be included.

The census will be broken down according to states and perhaps in some cases by counties as well.

#### Osgood Secretary of Central

R. G. Osgood has been elected assistant secretary of Central of Baltimore, a North America company. Mr. Osgood, formerly manager of the North America's service office in Chicago, now is fire secretary of North America at the head office.



## Canadian War Risk Rates Are Reduced 20%

**Minimum Premium is Now \$4—Transit Rate 2½ Cents**

TORONTO—Canadian war risk insurance rates have been reduced 20%, the new rate on buildings being 20 cents instead of 25 cents per \$100 and the new dwelling rate 12 cents instead of 15 cents. Under the new rates now in effect the minimum premium has been reduced from \$5 to \$4. The transit policy rate has been reduced from three to two and one-half cents. There is no change in commission rates paid to agents.

The profit-sharing plan adopted last December has been modified to provide that "before the profit-sharing scheme is put into effect, provided the net surplus is sufficient, a rebate of premium will be made to each policyholder corresponding to the unexpired term of his policy. The refund in respect of the unexpired portion of the policy will be calculated on a net premium basis, that is, gross premium less any income tax rebate.

### Return Not Taxable

"Any return made to the policyholder, either under the profit-sharing scheme or in the form of a refund in respect of the unexpired term of his policy, will not be assessable under either income or excess profits tax.

"While there has been considerable improvement in the general position of the United Nations in recent months, the danger of loss or damage has by no means disappeared," the government stated in its announcement. "The act includes indemnity for explosion of munitions made for war purposes and in particular this danger is ever present and no property owner is aware to what extent his property is exposed to damage from this cause."

### Complain Rates Are Too High

When the war risk plan was first introduced a year ago, many felt the rates established were high in relation to fire premium rates. Considerable opposition to the rates was voiced from industry. Protest was voiced that the rate was the same in central Canada as on the coasts where it was believed the risk was greater. As a result, after a fair turnover at the beginning, interest lagged and has shown little life of late.

### Policies Now Expiring

Many of the first policies which were taken out a year ago will be expiring within the next few days and weeks, and it is believed that the reduction in rates may be one move to assure the retention of as much of this original business as usual on the books. There is no opinion being expressed, either here or in Montreal, to indicate just how much of this business it is believed will be renewed. It is felt that some of it will be lost.

The refund plan was introduced by the government last December to quicken consumer interest in war risk insurance when the protest regarding the high rates was near its loudest. Under it, war risk insurance funds are to be pooled; costs deducted; losses paid and, after the war is over, the remainder split 50-50 between the government treasury and the policyholders.

## Rates May Increase on Customer Goods

**Companies Are Faced With Many Losses on Laundry and Cleaning**

The Automobile of Hartford says that a number of factors have combined to contribute to a rising flood of losses on customers' goods in laundry and cleaning plants. The chief one is congestion. These concerns that have not been able to secure equipment replacements have problems in the maintenance of existing equipment, have suffered the loss of experienced personnel and have been able only to bolster reduced staffs with a limited number of inexperienced employees.

### Fire Greatest Cause of Loss

The greatest cause of loss has been fire, the company finds. Not only have the small fires in the \$200 to \$2,000 class greatly increased but within the last year fires have occurred in plants from coast to coast costing from \$10,000 to \$1,500,000 on customers' goods in addition to the heavy loss on plant machinery and fixtures. The company further states:

### Menacing Feature

"A menacing feature of the situation is that oil and grease-soaked garments left standing without ventilation in congested plants will ignite spontaneously, and there is a strong suspicion that this is a basic cause of many fires, some of which have occurred during the day with plants in operation, the flames racing out of control so rapidly as to cause total loss.

### Underwriters Concerned

"Inland marine underwriters are greatly concerned over the grave situation. Not only are they faced with unsuspected sources of loss induced by war pressure, but congestion has caused liability to pyramid out of bounds so that gross receipts rates promulgated to carry the even flow of normal business are now found to be entirely inadequate. This situation has made it necessary for inland marine underwriters to take some action in the way of increased rates, the necessity for which is quite generally recognized by plant owners and agents alike."

## Auto P. D. in India Costs More Than B.I., Ex-Field Man Finds

Sergeant Laurence Thompson, former special agent of North America at Harrisburg, Pa., who is stationed with the 436th U. S. Bombardment Squadron, has made some inquiries regarding insurance operations in India and recently wrote as follows:

"So far, my inquiries into the progress of insurance in India have been very disappointing. The manager of the Employers in Calcutta, which is the Empire's second largest city, wrote only \$144,000 in all types of insurance. But, what a loss ratio—I think it is 18%.

### Country Has Two Distinctions

"This is the only country where automobile property damage costs more than bodily injury, as the replacing of a fender is far more costly than the settlement made for an Indian's life. India has at least two distinctions. It has the greatest accident frequency in the world and the lowest loss ratio. This would seem to be an insurance company's dream and a claim man's nightmare.

"In order to understand the reason for such a screwy setup, it is necessary to know that the average native does not earn the equivalent of \$10 a month and his life is valued at much less than that."

## Blazing Tail of Rat Causes Aetna Fire a Loss on Farm Residence

Aetna Fire tells about a fire claim that it had at Markleville, Ind. J. E. Rittenour, the agent, had written a farmer. A fire broke out in a davenport in the living room, the under part being all ablaze when the discovery was made. The fire was still in the incipient stage and quickly extinguished. However, it was hardly out before smoke was seen coming from a clothes closet in an adjoining room. Investigation showed a lively blaze. The wood ceiling was burning and some of the clothing had caught fire.

It seems that a rat had gnawed matches left in the pocket of wool trousers. The rat's tail caught afire and it ran from the closet and took refuge under the davenport. The claim cost the company \$47 for damage to the house and \$146 for contents.

## OCD Fire Fighting Equipment Could Go to Rural Areas

**N.F.P.A. President Proposes Transfer of Surplus Material After War**

In the opening address at the annual Pennsylvania Firemen's Training Conference in Lewistown, Dr. David J. Price, president of the National Fire Protection Association, proposed a plan for additional fire protection for rural communities in the post-war period.

Dr. Price stated that in connection with the protection of American cities and industrial centers against incendiary fires from bombing raids, the Office of Civilian Defense has provided a large amount of fire fighting equipment and appliances primarily for the use of auxiliary firemen. This equipment is to be used in the larger centers of population to afford protection against the increased number of fires resulting from bombing operations.

"When we consider the large amount of rural area now unprotected from the hazards of fire, it would seem that the N.F.P.A., Department of Agriculture, OCD and other interested agencies could render a very important post-war service in working out a plan for allocating to these unprotected rural areas any surplus fire fighting equipment which may be available after the war.

"If a plan of this nature could be worked out, it is reasonable to assume that in a few years following the war there would be a marked reduction in farm and rural fire losses in the United States, which at the present time total more than 60% of the entire fire loss of the country. This would be a very definite peace-time use for war-time equipment and would provide needed fire protection for our farm and rural communities."

### Valuable Contribution

Dr. Price said that the firemen of the United States are making a valuable contribution to war-time fire prevention which was helpful in bringing about a reduction in fire losses in dwellings and in farm and rural areas. The training of auxiliary firemen has resulted in greater public concern with fire because of the war, with the result that the American people are becoming more fire prevention minded.

The N.F.P.A. has organized a volunteer firemen's section which is growing steadily in strength and influence, and the association is now giving the volunteer fire departments information and assistance that they have never received before from any other source and this assistance is becoming increasingly appreciated. He said the volunteer firemen of this country are now being recognized as an established force for good.

Miss Ernestine Schreiber of the California department, who recently enlisted in the WAVES, is now an aviation machinist, having graduated from the naval air technical training center at Memphis, and is now at the air base at Pasco.



Dr. D. J. Price

## THIS WEEK IN INSURANCE

As day of drafting of fathers approaches, insurance managements are confronted with a serious new personnel problem. **Page 1**

B. D. O. will base its survey on federal census of 1940. **Page 1**

Fire losses in July and seven-month total sharply higher. **Page 1**

Dr. David J. Price, president of N.F.P.A., proposes that after the war surplus fire fighting equipment of OCD be made available to rural areas. **Page 2**

Canadian war risk insurance rates cut 20%. **Page 2**

Averell Broughton of New York is selected as public relations counsel of N.A.I.A. **Page 7**

Brokers, plagued by reduced commissions and higher overhead, should streamline operations and charge fees for extra service, says J. C. Kemp. **Page 9**

Annual meeting of the West Virginia Association of Insurance Agents is held at Fairmont this week. **Page 4**

N.B.C. commentator in recent radio broadcast alludes to the battle that developed when the National Rural Electric Cooperatives Association undertook to set up two mutual insurance companies. **Page 5**

Many companies show surplus increase since Jan. 1 due to higher stock quotations. **Page 15**

New program for writing employers liability insurance including medical payments, covering employees of farms, is announced by the National Bureau of Casualty & Surety Underwriters. **Page 18**

Insurance department of U. S. Chamber of Commerce solicits insurance executives to convey to the chamber their suggestions and recommendations as to post war planning. **Page 21**

National Bureau of Casualty & Surety Underwriters makes effective in New York State its boiler manual that is applicable throughout the rest of the country, following the action of Hartford Steam Boiler in making effective its manual without getting departmental approval. **Page 19**

Rates committee of National Council on Compensation Insurance is expected to approve proposal to remove bonus overtime pay from computation of compensation premiums. **Page 19**

Bonding men interested in direct and indirect effects of policy announced by War Department on war contract cancellations. **Page 21**

Harlan Justice, deputy insurance commissioner, in addressing West Virginia agents, outlines recent changes in the accident and health laws of the state. **Page 20**

Casualty companies writing large amounts of workmen's compensation business are making a survey of the situation in view of what may happen after the war ends. **Page 20**

J. Doyle DeWitt and Lester A. Klein, home office executives of Travelers companies, are advanced. **Page 21**

Program announced for annual meeting Utah Association of Insurance Agents. **Page 30**



## Explore Idea of Creating Market to Insure Feeder Cattle

### Want Catastrophe Cover For Big Herds—May Organize Pool

A number of important farm writing companies are evincing interest in the idea of providing a satisfactory market for insurance on so-called feeder cattle in such regions as western Kansas, Colorado and Oklahoma. Several discussions have already been held, the last meeting having been in Chicago last week.

Although much insurance has been written on feeder cattle under both farm and marine forms, most of the coverage has been on smaller herds in Illinois and Iowa and in the more easterly territory. The insurers have shied away from the larger herds farther west, although here and there a company has taken a line of \$100,000 or so.

What the cattle buyers and banks and other interests desire is protection against catastrophe losses, such as those due to freezing and smothering. The insurance is desired particularly commencing about Oct. 1, when range cattle are brought into the winter wheat fields to feed on the fall growth. Those that are advocating such an insurance program are eager to have the facilities made available as soon as possible. Due to the fact that the herds are valued at several hundred millions of dollars, there is a catastrophe hazard involved and many of those interested in the problem believe that the proper solution is to create a pool of insurers to handle such risks.

### Deductible or Franchise Feature

The buyers who manage these herds, it is said, anticipate a normal mortality of say 2% and it is the catastrophe loss that they desire to avoid. If a plan is adopted it will probably embrace a deductible or franchise feature. One suggestion is that there be a 3% franchise clause.

Some of the insurance that has been written by individual companies on feeder cattle has provided protection against fire, lightning, transportation and theft with a deductible. Lightning losses have been considerable, especially this year but the cattle men are not so much concerned by those hazards as they are by wind and storm including freezing and smothering.

In the Armistice Day storm of 1940 a number of cattle particularly in Iowa, met death by suffocation and some of the insurers that had windstorm cover involved denied liability on the ground that smothering was not an insured peril. However that position caused considerable resentment and other companies proceeded to pay such losses, so the companies generally adopted an endorsement providing for death of the animals due to freezing and smothering in connection with a windstorm.

One of the most earnest advocates of such an insurance program is the R. B. Jones & Sons agency of Kansas City.

### North State Industrial Company

North State, the new fire company organized at Charlotte, N. C., plans to write industrial fire insurance, with premiums payable weekly or monthly. It will be the only company in North Carolina operating on this plan. Major V. Whitesides and A. Gilbert Bell, who are among the incorporators, operate the Whitesides Company agency at

## Good Time to Get Farms to Carry Full Coverage

L. E. Ellis & Co., Des Moines general agents, state that now is an excellent time while values are high and cash plenty to rewrite farm policies. Practically every one of the farm policyholders will pay an income tax. Insurance premiums are deductible in that case. The firm says that it is having a good many calls for extremely high limits on live stock. Under the three-fourths rule, limits should not exceed \$250 on horses, \$150 on cattle, \$30 on hogs and \$15 on sheep. Where they exceed these but not over \$350 on horses, \$250 on cattle, \$50 on hogs and \$25 on sheep, full insurance must be carried. Farm property values are increasing all along the line. Ellis & Co. tell agents not to forget the extended coverage on the tractor item which is written under the regular form adding the theft, robbery, and pilferage endorsement.

### Splendid Market for Tuition Fees Insurance

Owing to the situation in schools and colleges especially due to the war demands and the fact that the government has taken over a considerable part of the school activities, Security of New Haven is urging its agents to sell tuition fees insurance. This coverage is based not on the time needed to replace or restore the damaged property but on the school loss of revenue, less expenses which may be discontinued up to the beginning of the next school year following restoration of the property. The policy covers the actual loss of revenue during a full school year when the property cannot be restored within 30 days of the scheduled opening date.

### Bankers F. & M. Officials

The directors of Bankers Fire & Marine of Birmingham have elected Lieut. Col. J. Frank Cogdell of the U. S. Army as chairman of the board; Sam M. Boykin, president; Frank E. Spain, vice-president; Claude E. Boykin, secretary-treasurer. The company operates only in Alabama, has been very successful in its operations.

Colonel Cogdell has been president and Mr. Boykin executive vice-president and treasurer. Claude Boykin, secretary, now becomes treasurer, also.

Maj. R. H. Matthias, member of the firm of Ekern, Meyers & Matthias, Chicago insurance attorneys, has been assigned to the war bonds and savings promotion branch of the army, to assist in the promotion and supervision of war bond sales to all military and civilian personnel of the war department. Major Matthias was formerly assigned as chief of all liaison and service work with contract insurance branch under Lt. Col. Reese Hill.

Gastonia, N. C. Mr. Bell is a son-in-law of H. V. Godbold, Richmond local agent, and was formerly associated with him in that city.

### U. & O. Experience Low for Some Companies

A company that writes up in the six figures of use and occupancy coverage in one of its territorial divisions had a loss ratio of 3.9 in 1942. For five years its gross loss experience has been less than 20%. The experience of another company in the same territory for five years showed a ratio of less than 20%. U. & O. losses are somewhat higher this year, but still low for many companies. Some companies do not keep a separate record of U. & O. experience.

## Frank Bell Pleads for Greater Cooperation

FREMONT, W. VA.—Frank R. Bell of Charleston, at the annual meeting of the West Virginia Association of Insurance Agents, in his capacity of state national director, made a talk his hearers regarded as a fact-provoking one. He emphasized the justice of the position of agents, pointed out some of the bad practices that have crept into the business but at the same time recommended the establishment of a program that would join the agents and companies together on a real constructive basis. Mr. Bell in the course of his address said:

"In reviewing the trends in the insurance industry, I think there are two major problems that every legitimate agent should be seriously pondering at the moment:

"1. The thought and objective that has existed for some time in the philosophy of some important men in Washington towards the middleman. We as agents and brokers come in that category. As to this problem, due to wartime conditions it is becoming increasingly evident to those that observe the trends in the insurance business that the future of the producers is seriously threatened. This hazard stems from the growth of federal authority in many other lines of business. Many of our company executives are alive to what this incites, control directed towards a reduction in costs and perhaps more.

### Should Be Adequately Compensated

"The cost in our business is a combination of experience, administration and acquisition. The first to take the rap is acquisition, which means the agents and the brokers. The legitimate agent and broker cannot serve the public and live without a reasonable and fair commission, and I contend that the service-rendering agent and broker do earn and can earn a fair and reasonable commission when he makes a sincere effort to serve the public.

"The politician cannot get along without taxpayers. I am positive that the insurance industry—companies, agents and brokers—has done a better job and a more economical job for the property owners than the politicians have done for the citizens generally, and the taxpayers in particular.

"At the Tulsa meeting last spring of state directors of the National association, the executive officers and executive committee proposed a public relations program. After much discussion and consideration the state directors authorized the executive officers to proceed with the raising of the necessary funds to carry it out.

### Should Be a Joint Enterprise

"As you know, a considerable amount of money is to be raised by the assessment of the various state units proportionately. The program contemplates individual agency subscriptions as well as state association subscriptions. I think the program would be very much more effective if it were a joint program of companies and producers. We will have to do our share of financing and I so recommend. It is my sincere hope that this work will be very helpful in the solving of this No. 1 problem.

### Lack of Real Cooperation

"2. The lack of any real cooperation in our business of insurance is found as between the companies and their producers, the agents and the brokers. The answer ought to be simple. The problems of the companies and agents are similar, if not identical, in a large measure, and up until recent years I was persuaded that it was the desire of each to cooperate with and fully protect the interests of the other. This is the only basis under which organized capital stock insurance can reach the greatest degree of effectiveness and serve the insuring public more advantageously than

other types of carriers. It, therefore, seems folly to pursue any other course than that of close and sympathetic cooperation between company and agent. I say this because to my knowledge no company executive, agent, politician or anyone else has ever suggested a better method or a more economical method for the handling and distribution of insurance than the present American Agency System.

"In all parts of the country many of the large insurance groups have ap-



FRANK R. BELL

pointed hordes of unqualified, irresponsible, part-time non-service-rendering agents, such as doctors, dentists, barbers, garages, store clerks, loan agents, real estate owners and others who constantly nibble at the business of the full-time, experienced, established, service-rendering agent, thereby reducing their volume and consequently reducing their commission income to the point that there is not much profit in the agency business.

"In all parts of the country many of the large groups have very much over-organized their field forces. These men are on the company payroll at substantial salaries and expense accounts, going into every nook and corner of the country soliciting and servicing business of the part-time, inefficient and non-service-rendering agents, all the while, mind you, paying such agents the same commission as the service-rendering agents not needing the services of the company representatives.

"We observe more and more bureaus, associations and pools for the regulation of the industry with conflicting and arbitrary rules and regulations in the various territories, all expensive and confusing to the companies and agents alike, including the public.

### Commission Subject Discussed

"We know that in the larger centers the commission situation has always been, and is now, out of control. The trend over the years has been upward in the average. We find that in 1920 the average commission country-wide was 22.67 and at the present time is approximately 27 cents. It is my opinion in 90% of the territory no increase in agents' commission has taken place, and on the other hand in this 90% of the territory is where 95% or over of the membership of the National Association of Insurance Agents is domiciled.

"We hear and read a great deal of criticism about countersignature laws in the various states. To these critics I wonder if it ever occurred to them that if the companies had held their appointments to the legitimate, service-render-

(CONTINUED ON LAST PAGE)

## West Va. Agents in Stimulating Annual Session

### Plan to Continue Fight for More Stringent Qualification of Agents

#### OFFICERS ELECTED

President—Ray Evans, Bluefield.  
Vice-presidents—E. G. Jackson, Chester; H. L. Fisher, Morgantown; Leo Thrash, Buckhannon; George Sullivan, Huntington; C. V. Feller, Mullens, and Everett Sayre, Beckley.  
Secretary-treasurer—Earl L. Morris, Beckley.

FAIRMONT, W. VA.—At the 2-day annual convention of the West Virginia Association of Insurance Agents, here Monday and Tuesday President Ray Evans took up the association's efforts eventually to present a rigorous capital stock agents' qualification law. As in



RAY EVANS

other fast growing state associations, he said, every member has been giving time without stint to the sale of war bonds and other war activities.

At the Monday afternoon session the new constitution was thoroughly discussed and Tuesday was adopted. It provides for a vice-president from each Congressional district.

#### Committee Personnel

W. Gaston Caperton, Jr., Charleston, was elected chairman of the executive committee. F. R. Bell, Charleston, was named national state director. The conference committee consists of R. D. Watts, Beckley; C. W. Thornburg, Huntington; R. A. Foose, Wheeling.

The executive committee is composed of Fred L. Summers, Parkersburg; Mr. Watts, Frank McIntosh, Huntington, and C. B. Wetsell, Elkins.

Mr. Bell covered "Public Relations Program and Other National Association Affairs," and his talk is reported elsewhere in this issue.

Mr. Wetsell gave a talk on What Should the State and National Associations Do for the Agent.

Mr. Wetsell pointed out that economic changes are inevitable, and insurance will come in for its full share of change. There are some criticisms of the insurance industry, he said, including that the price of stock insurance is

too high, that companies have too many bureaus, and that too many companies have unnecessary overhead.

The agent is powerless, singlehanded, to solve his problem, Mr. Wetsell stated. Organization strength is needed. The association can, for agents, create better relations between agents and companies, discourage indiscriminate appointment of agents, and work for an agents' qualification law. He said the national and state organizations can encourage and promote better understanding among agents of the state, represent agents with grievances against companies, promote education programs for agents, and develop the public relations program to secure better understanding of the business by the public.

#### Failure of Qualification Bill

The only bill sponsored or introduced by the state association in the last session of the legislature was the qualification bill, Blaine M. Miller, Parkersburg, said in discussing "Legislation and Insurance." The bill did not pass, he said, because a measure was not drawn up in advance that was acceptable to both agents and companies. Immediately the companies and others objected, crying that "selfish interests" were seeking class legislation, that the sanctities of private contract were being violated.

Efforts were made to make the bill satisfactory to the various interests but in the process it became emasculated and no effort was made to pass it, Mr. Miller said. Further effort should be made without the same tactical mistakes, he said. Mr. Miller also discussed countersigning commissions for casualty agents, compulsory auto liability, and revision of the financial responsibility law.

#### Makeup of Committees

The resolutions committee consisted of T. H. Pollock, chairman, W. Gaston Caperton, Jr., and Blaine M. Miller; nomination, Hubert S. Ellis, Huntington; Albert Sanders, Morgantown; William F. Leper, Parkersburg; T. J. Neff, Wheeling, and George Sullivan, Huntington.

Monday evening there was the annual banquet at which Judge B. Miller, secretary-treasurer National association, was guest.

The association strongly commended the work of the legislation committee

and urged further effort to get a qualification law.

A resolution of tribute was adopted for the cheery presence at so many conventions, the sage counsel and earnest effort in the advancement of right practices of "Uncle Charley" Thornburg. For the first time he was missing from the convention.

The association endorsed the public relations program of the National association and accepted its quota of expense, pledging to exert every effort to reach and if possible exceed the quota.

### AGENCY APPOINTMENTS

R. D. Watts of Beckley, former state president, took up the subject "Survey of Agency Appointments." He said that the question of agency appointments has been one of the principal sources of concern to qualified agents in recent years. He referred to the desirability of having insurance looked after by a well qualified agent to obviate difficulties in case of a loss. Mr. Watts said that the excuse most frequently offered for the appointment of agents that are not qualified was that if opportunity were passed up, some other company would have made the appointment. He discussed the Motors Insurance Corporation situation and the licensing of numerous automobile dealers as its agents in West Virginia. The insurance department has announced that it would reject the application of automobile dealers under Sec. 1, Art. 7, chapter 32, which states that the commissioner shall not issue a license to any person he finds not trustworthy or competent. The question is whether the applicant who is trustworthy and competent can be called qualified. W. G. Caperton, Jr., of McDonough-Caperton-Shepherd, Charleston, the speaker said, has the names and addresses of every agent and solicitor licensed up to July 1 and the companies represented. Therefore, protest can be made of any improper appointment. It is expected that local agents in a community will go over the list and endeavor to have corrections made.

#### Laws Not Adequate

Mr. Watts acknowledged that the insurance laws of West Virginia are inadequate. He said that the state committee

maintains that new agency appointments should be made only in the case of persons of known integrity and reasonably competent who maintain adequately equipped offices and who through actual experience or other agreed methods have developed necessary qualifications for conducting an agency in a proper and intelligent manner. The committee takes the position that no appointment should be made where the principal business is to control political business or where substantial portions of the business developed can be induced through financial influence. He urged more constructive effort on the part of present local boards and the organization of boards in cities where they do not exist, because through these channels he contended much can be done.

### Penna. Agents to Meet Oct. 10-11

The Pennsylvania Association of Insurance Agents will hold its annual meeting this year in Pittsburgh Oct. 10-11, at the time of the National association convention. The directors' meeting will be Oct. 10 and all members in good standing may attend. Luncheon on the following day will conclude the general meeting.

The Midwest-Pennsylvania Agents Association has decided to abandon its customary meeting this year because of transportation difficulties and the present officers and executive committee will be continued in office another year. However, there will be a special conference at the time of the N.A.I.A. meeting in Pittsburgh.

### Prentiss Retires After 53 Years

BOSTON—A. R. Prentiss, with the Boston general agency of Field & Cowles for 53 years, the past 30 years as office manager, is retiring as of Sept. 1. He entered insurance in the office of the old California in Boston in 1890, and went with Field & Cowles the next year, when California reinsured. He will continue to operate his own agency, Prentiss & Parker, in Reading, Mass., and will have a broker's desk with Field & Cowles. Mr. Parker will be succeeded by Werner F. Vonklock, for some time assistant office manager of the Boit, Dalton & Church agency in Boston.

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## REA Insurance Issue Broadcast

### NBC Commentator Alludes to Now Abandoned Rural Mutual Scheme

WASHINGTON—Alleged Rural Electrification Administration activities and plans in the insurance field were subject of a recent broadcast here by Richard Harkness, NBC commentator. He said that certain REA "officials" thought they'd borrow a million dollars from REA cooperatives set up around the country "and buy two insurance companies in Baltimore." (He was alluding to the fact that the National Rural Electric Cooperatives Association organized two new insurers—Rural Mutual Fire and Rural Mutual Casualty.) "The two firms were to write fire and casualty policies and, of course, they'd be in competition with other established insurance cooperatives," Harkness continued.

This plan, he charged, was tied up with plans to expand the cooperatives, charge initiation fees and accumulate a fund of \$100,000, start a magazine and organize a body of 4,000,000 voters for political purposes in the next presidential campaign.

Harkness said that Harry Slattery, REA administrator "is against the plan," that he "fought the scheme to buy the two Baltimore insurance companies." As a result, he added, it looks as if Slattery will lose his job.

#### Important Implications

Harkness said his source of information pointed out "several important implications."

"In the first place . . ." he said, "the two insurance companies would compete against cooperative insurance firms already established and in business. Beyond that, the control of these Rural Electrification insurance firms would not be really cooperative. In effect, their control would rest in a small group of individuals."

Harkness said that the reported REA plans have been told in detail to members of the Senate committee on agriculture and that "as a result, it looks now as if we'll see a Senate investigation this fall. In fact, a committee's already been named. Three Democrats and two Republicans will be on the investigating committee, and hearings will probably start next month after Congress reconvenes."

The committee is a sub-group of the Senate agriculture committee composed of Senators Smith, South Carolina; Gillette, Iowa; Bilbo, Mississippi; Aiken, Vermont; Shipstead, Minnesota.

It is expected that this group will investigate charges concerning alleged REA insurance activities.

#### REA Denies Participation

An authorized REA spokesman said that the activities complained of were not REA "doings" at all and that REA officials are not connected with them. It was admitted, however, that former officials of REA were concerned with the matter.

It was stated to be the National Rural Electric Cooperatives Association, headed by former Congressman Clyde Ellis of Arkansas, that proposed the insurance program.

REA held, however, it was stated, that cooperatives' funds could not be used for buying insurance companies. Slattery did fight the project, it appears, but his spokesman says there is no danger of his losing his job.

Avery Moore, in charge of insurance activities for the rural electric cooperatives, says the Harkness charges relate to a "dead issue." He says his association abandoned any idea of acquiring insurance companies in favor of a plan for placing insurance on cooperatives, through a pool, with existing carriers.

He compares the plan to group insurance.

He says it will include fire and casualty, property damage, compensation, liability, automobile, owner and non-owner, fidelity, etc., and that it is not concerned with insuring individual members of the cooperative.

The Senate investigation, based on a resolution offered by Senator Shipstead, was inspired by political considerations, representatives of the rural electric cooperatives' organization assert.

"Who Writes What?" will help you place that business. \$2.50 from National Underwriter.

### Loss on Mich. Chemical Plant Close to \$500,000

There was more than \$350,000 of insurance on the chemical plant of the Pennsylvania Salt Co. in Wyandotte, Mich., which burned last week, and the loss is total. The plant was in the name of Defense Plant Corporation. The salt company lessee, which was scheduled to manufacture war chemicals in the new structure, had a considerable line of both use and occupancy and property damage insurance on its equipment and property. The U. & O. loss is not expected to be large because the plant,

it is understood, will be promptly rebuilt and the war contract continued, but the loss to the salt company's property is enough to bring the total insurance loss on structure and contents to around \$500,000.

V. M. Armstrong of the insurance law firm of Armstrong & Gause, Indianapolis, was elected last week national committeeman representing Indiana in the American Legion. He has served his post and Indiana as commander and, last year, was national vice-commander. At present he is serving as vice-chairman of the World War liaison committee of the national organization.

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Every intelligent home-owner wants fire insurance. He knows it will finance a new house or repairs after a fire. You should sell fire insurance just as hard as you can—fire insurance plus such proper endorsements as rent and extended cover.

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An owner who collects insurance after a total loss has money enough to rebuild—*sometime*. *Perhaps not today*—because materials and workmen are scarce. And, if your town is as crowded as many others, neither you nor your client nor your city fathers want to increase the already serious housing problem.

What can you do about it? You can make inspections—recommend elimination of fire hazards and the installation of fire-fighting equipment. You can organize your fellow agents to work with the Fire Department—and for the general reduction of fire losses on all types of property. You can make fire prevention your *personal* war work. Our fieldmen will be glad to help you.

This country of ours should not waste anything today. Fire destruction of buildings and contents means waste. Every time you discover some danger spot and *cure it*, you make a grand contribution to the whole National effort.

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Every Type of Property Insurance for Industry and the Home.

## Canton Storm to Cost Million; Six \$100,000 Losses

Insurance loss of fully a million dollars, it is estimated, was caused in the windstorm that was in the nature of a cyclone that struck Canton, O., and adjacent places on Friday, the 13th. Coming so closely after the Peoria, Ill., four million dollar storm, the adjusting organizations were hard put to get the necessary number of extra men on the scene but they succeeded in rounding up enough adjusters and are handling the work in their stride. Thus the fire insurance adjusting organizations just at present are handling three major windstorm emergencies—one in the Houston-Galveston section where the loss is estimated at twelve million dollars in addition to the Peoria and Canton situations.

The Canton storm apparently originated in the northwest section of Stark county and traveling in a southeasterly direction struck Reedurban which is adjacent to Canton, and then descended upon the manufacturing section of Canton causing half a dozen losses each of which will exceed \$100,000, and also wrought havoc in residential sections and it is estimated that there will be 1,500 losses averaging \$300 in addition to the six averaging \$100,000. There were a number of total dwelling losses.

The big losses included Barum Steel Corporation, \$125,000; Belden Brick Company, \$25,000 to \$50,000; Spun Steel Company, \$5,000; Timken Roller Bearing Co., \$5,000; Diebolt Safe & Lock Co., \$150,000, including U. & O.; Carnegie Steel Co., \$200,000; C.C.C. Highway Depot, building and contents, \$75,000 to \$100,000.

Materials for repairs are extremely scarce in Canton, and the community leaders set about immediately to get the necessary priorities orders. There appears to be enough labor available to do the work if the material can be gotten.

## Thirty Inspectors Will Now Return to Private Life

Thirty plant inspection experts, who gave up responsible positions with insurance companies to work for the army the past year, have now fulfilled their assignment and are being released for private work, it is announced by Maj. Gen. H. S. Aurand, commanding general of the Sixth Service Command, Army Service Forces, with headquarters in Chicago.

### Inspectors' Work Praised

General Aurand praised the work of the inspectors in helping maintain high safety standards in plants engaged in production for the War Department, and declared that their placement in private insurance companies as inspection technicians would help minimize fire and accident hazards in plants throughout the country.

The men served under Brig. Gen. W. E. Guthner, director of internal security,

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Sixth Service Command, and were under the supervision of Lt. Col. J. S. Harvel, chief of continuous security, Civic Opera building, Chicago.

## Actuary Urges Credibility Factors for Fire Rating

NEW YORK—The "Journal of Commerce" quotes a prominent casualty actuary as endorsing the principle of credibility for fire insurance rating along the lines suggested recently by A. H. Mowbray, professor of insurance at the University of California. The casualty actuary, whose name is withheld because he "does not want to get mixed up in an argument on fire insurance ratings," shows how credibility factors could be applied to fire insurance as they are already used in workman's compensation and expresses the hope that "one day the fire companies will wake up and devise rating procedure which will save them a lot of headaches."

"There could be several approaches for fire insurance rating," he said. "No experience could be derived from a single risk, as a dwelling, even though there had never been a fire. . . A certain percentage of credibility, however, could be found in the experience, of say 100 dwellings of comparable kind. The greater the number of risks taken into consideration, the higher the percentage of credibility would become, just as in workmen's compensation."

### Judgment Must Be Exercised

The actuary said he regarded schedule rating as something of a sacred cow but conceded that a good approach would be to apply credibility factors to the schedule rate. He said that some degree of judgment would have to be exercised and that a five-year experience or any other similar period should not be employed arbitrarily, the object being to compare the period selected with a period in which conditions were comparable.

## "Hazards Not Covered" Clause in Sprinkler Policy Held Ambiguous

"Hazards not covered" clause in a sprinkler leakage policy was held to be so ambiguous that the court ignored its presence in allowing recovery under the contract in Hardin Bag & Burlap Co. vs. Fidelity & Guaranty Fire. Hardin's merchandise was stored on first floor of a four story building. The sprinkler pipe which was set on the fourth floor was broken as the result of the destruction of the roof by a windstorm and the escaping water seeped through the first floor and caused the damage claimed.

### Hazards Not Covered

The company relied on the "Hazards Not Covered" clause in its denial of liability, it being:

"This company shall not be liable for loss or damage caused directly or indirectly by seepage of leakage of water through building walls, foundations, sidewalks or sidewalk lights (unless caused by 'sprinkler leakage'), or by condensation or deposits on the 'automatic sprinkler system,' or by floods, inundations, or backing up of sewers or drains or by the influx of tide water or water from any source other than the 'automatic sprinkler system,' or by fire, lightning, cyclone, tornado, windstorm, earthquake, explosion, including explosion and/or ruptures of steam boilers and flywheels, blasting, invasion, insurrection, riot, civil war or commotion, or by military or usurped power, or by order of any civil authority, or by theft, or by neglect of the insured to use all reasonable means to save and preserve the property at an after a 'sprinkler leakage'; nor, unless otherwise provided by agreement in writing added thereto, for loss or damage caused directly or indi-

rectly by aircraft and/or aircraft equipment (whether on or off the ground—and not contained in the building(s) described herein) and/or objects falling or descending therefrom."

### Says Clause Should Be Ignored

The court analyzes this clause, however, and holds that it is ambiguous and must be ignored. However, defendant further claims that the sprinkler leakage was not the proximate cause of the damage, but that the windstorm was responsible for the damage. The court holds, however, that the direct cause of the loss was the sprinkler leakage and although it may have been the intervening cause, it was the subject of insurance and the insurer was liable. The judgment entered in the lower court in favor of the plaintiff is affirmed.

## Company Liability Is Issue Before the Court

The Ohio court of appeals from Mahoning county in Losasso vs. Concordia Fire had a case where there was an alleged policy violation. The company complained that the assured, a woman, violated several provisions of the policy by failing to submit a proof

of loss or appraisal, failing to request arbitration, storing gasoline on her premises and by increasing the hazard. The trial court directed a verdict in favor of the Concordia.

The higher court held that this was in error. It declares that the company investigated the fire and when the plaintiff's husband appeared before the insurance agent with a list of property damaged, he was told that nothing would be paid because the fire had been of incendiary origin. The higher court said that this evidence, however, was conflicting and the issues of whether proper proof of loss had been given or whether it had been waived by investigation and denial of liability should have been submitted to the jury. The evidence regarding appraisal and request for arbitration was also conflicting, the court said. Further, an issue was made for the jury as to whether the plaintiff had any such knowledge of the existence of gasoline upon the premises as to know she was violating the policy provisions, or whether the hazard was increased as a result of substances stored on the premises.

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Unhampered independence of thought and action — backed up by 79 years' progressive understanding of sound underwriting and financial sturdiness that far surpasses ordinary standards—distinguish the Pearl American companies.

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## Averell Broughton Public Relations Counsel of N.A.I.A.

### Well Known New Yorker to Direct Big New Project

The National Association of Insurance Agents announces that Averell Broughton, a financial and insurance public relations counsel, has been selected to plan and direct the public relations program of the National association.

"Mr. Broughton was chosen after a number of conferences between himself and our public relations and executive committees, and the outline of a practical long-range public relations program has already been approved," President David A. North observed. "The program has many aspects, but it gives special attention to current legislative and production problems before the producers of the country."

Mr. Broughton, who is known to many in insurance circles, has planned and executed several successful advertising and public relations projects in the insurance field. His offices are at 580 Fifth avenue in New York. He graduated from Columbia College, A.B., 1923; A.M., 1924. He was on the faculty of Columbia until 1928, when he became an advertising executive, later turning to public relations work. He takes a practical view of insurance problems and has been noted for his understanding of the agents' problems and defense of the agency system.

Before entering college, Mr. Broughton attended the first Plattsburg Camp in 1917, was commissioned second lieutenant of infantry, and served overseas with the 77th Division. He was promoted in the field and was wounded, receiving the Order of the Purple Heart and the Silver Star decoration.

He has handled the National Surety account and has done work for the Casualty & Surety Journal.

### Frye & Co. Loss in Seattle Settled for \$362,894

SEATTLE—The Frye & Co. fire loss in Seattle was settled out of court this week for \$362,894 on building, equipment and stock. Settlement of the loss, which resulted from a Boeing bomber crash into the meat packing plant Feb. 18, was made known when attorneys asked Federal Judge Bowen to dismiss the suits previously filed for \$622,938.

The U. & O. loss, which was not involved in the litigation, was settled for \$104,108.

There was \$1,251,200 insurance on building, equipment and stock; \$150,000 coinsurance deficiency coverage and \$240,000 U. & O.

The following schedule covered buildings, equipment and stock: Alliance, \$75,000; American Eagle, \$60,000; Columbia, \$35,000; Commerce, \$5,000; Dearborn National, \$50,000; Employers' Fire, \$5,000; Fidelity-Phenix, \$75,000; Fireman's Fund, \$50,000; L. & L. & G., \$100,000; Mercantile, \$25,000; Minneapolis Fire & Marine, \$57,500; National Union, \$25,000; New York Fire, \$35,000; North River, \$105,000; Norwich Union, \$35,000; Pacific National, \$25,000; Pearl, \$30,000; Potomac, \$42,500; Providence Washington, \$75,000; Provident Fire, \$30,000; Transcontinental,

\$5,000; Travelers Fire, \$75,000; Union of Canton, \$25,000; Virginia F. & M., \$15,000; Wash. F. & M. Underwriters of Hartford, \$25,000; Westchester, \$75,000; Yorkshire, \$111,200. State of Pennsylvania had a coinsurance deficiency policy of \$150,000.

The U. & O. schedule follows: Allemania, \$12,500; American Eagle, \$25,000; Commerce, \$5,000; American Equitable, \$25,000; Camden, \$50,000; General of Seattle, \$10,000; L. & L. & G., \$25,000; National Union, \$25,000; Pacific National, \$25,000; Union of Canton, \$25,000; Yorkshire, \$27,500.

There was no extended coverage on the Frye plant, which immediately following the loss caused some speculation as to whether a dispute would arise over values. This phase of the loss, however, did not enter into the negotiations which finally resulted in suit being brought against the companies. There

was a disagreement over the item of depreciation. The suit was transferred to federal court several weeks ago, but negotiations continued and the settlement was finally effected without the suit going to trial.

Still an unclosed chapter in the loss, which claimed the lives of 33 Boeing and Frye employees, is the liability and property damage angle, which probably will remain untold until the end of the war. It has not been possible to determine ownership of the plane. The army would not permit disclosure of whether Boeing or the army owned the plane at the time of the crash, stating that this is military information which cannot be divulged.

The loss adjustment was handled by Claude R. Scammon, independent adjuster, and the Fire Companies Adjustment Bureau. Clarke & Clarke were attorneys for the companies.

### Insured Car Has Better Chance to Get Repairs

One argument agents are using to get assured to continue their automobile insurance in force, especially collision which is one of the first items dropped, is that because insurance companies are big customers of garages and motor parts dealers, they can get repair service and parts where the individual might be put off or turned down altogether. The automobile owner today is deeply concerned about keeping his car in service, and this argument has a strong appeal.

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## FIELD FLASH

AUGUST 5, 1943

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## NEWS OF FIELD MEN

### Ohio Blue Goose Jamboree Will Be Held in Cincinnati

CINCINNATI—The annual fall roundup and jamboree of the Ohio Blue Goose will be held at Summit Hills Country Club in Kentucky Sept. 14. Otto Rieg, manager of the service office of Home at Cincinnati, is general chairman. Others on the committee are R. W. Hukill, manager Great American, and C. N. Mullican, Jr., special agent Fireman's Fund. Chairmen of the committees are: Ticket sales, E. B. Hatch, Jr., America Fore; sports, Ed Penny, Western Adjustment; golf, J. J. Conway, manager Western Adjustment, and L. A. Finch, manager Underwriters Adjusting. Joseph Rielage, superintendent Ohio Audit Bureau, Cincinnati, has been drafted to manage the baseball game and captain the Cincinnati team, which will meet the up-state contingent. A Blue Goose business meeting and initiation will be conducted at 8 p.m., Sept. 13, in the Netherland Plaza. A meeting of the field club will be held at the Netherland Plaza the morning of Sept. 14.

### Field Men Helping Out

Western department offices are calling in their field men this year for a couple of weeks apiece to help out during vacations. This is not a new practice, but this year the call is mostly for field men who are familiar with procedures who can be of real help.

### San Francisco Pond Largest

The San Francisco pond of the Blue Goose closed its fiscal year with a membership of 582, according to a bulletin issued by Harrison Houseworth, welder. The San Francisco pond is the largest in the grand nest. Plans are now being made by Most Loyal Gander John Henry Martin to put the membership over 600.

### Philip L. Johnson's Change

Philip L. Johnson of Akron, state agent of Scottish Union & National in northeastern Ohio, has resigned to go with American of Newark. Arrangements have not yet been completed for his successor.

### Aitken Resumes Field Post

Robert S. Aitken, special agent in Spokane, Wash., of Home, has been released from the army and has resumed his old assignment, working with State Agent A. U. Hoelting.

Mr. Aitken entered the service 10 months ago and has been stationed at Fort Knox, Ky. He was over the age limit and was released to the reserve corps.

### Storm Loss Procedure Told

SAN ANTONIO—At a meeting of the Alamo Blue Goose, Walter T. Gallaway, San Antonio manager of the Fire Companies Adjustment Bureau, answered questions concerning the settling of claims in Houston and surrounding territory, arising from the recent storm.

### Gas Cut Threat Menaces Inspection Program in Wash.

SEATTLE—Inspection of vital industries not directly under the security programs of the armed forces, such as food plants, is being jeopardized by threat of the OPA's Seattle office to discontinue the allowance of supplemental gas rations to fire insurance field men.

It is understood that the OPA was planning to issue a directive to local rationing boards to discontinue supplemental allowances, but when fire prevention authorities learned of the contemplated action they intervened, calling attention to the New York Conference with Gen. U. S. Grant, III, of the OCD, at which plans were made for setting up a nation-wide organization of fire insurance men to assist with the security program. It was considered probable that the OPA would abandon the contemplated action when apprised of the vital nature of the inspection work.

In this state, where the inspection program was first launched by field men in cooperation with State Fire Marshal Sullivan, hundreds of vital industries have been inspected.

### Scott to Ill. for American

Special Agent Harold G. Scott of the Detroit office of American of Newark has been transferred to the southern Illinois territory. He succeeds Dean Snapp, who recently left for special service with the war department. The transfer will take place in September. Special Agent Frank A. Nelson remains in charge of the territory, and both he and Mr. Scott will be located at the group's headquarters in the Pierce building, St. Louis. Mr. Scott served in various capacities in the Rockford office before going to Detroit.

Sept. 27 has been set for the opening activities of the New Jersey Field Club for the fall season.

### How New Farm Program Solves Actual Case

Learning of the new farm liability program of the National Bureau of Casualty & Surety Underwriters that is announced this week, one underwriter happened to have before him a case that is neatly solved by this plan. A city dweller owns a 15 acre farm near the city which is planted in garden truck. He sells the produce commercially, but gets most of the work done by his friends. He gets his friends to go to the place on week-ends and in the early evenings, calling it a house party, but letting them work in the fields. They get their reward in the form of food and refreshments after the sun has set.

This owner desired to have good insurance protection. The question is whether these friends constitute employees and any claims that they might make would fall under an employer's liability policy or whether they are guests and their claims would come under the O.I.&T. contract. The new bureau pro-

### Texas Storm Two Month Job Even With Full Force

HOUSTON — Adjustments in the Houston-Galveston hurricane area are going into high gear now but reports from the Fire Companies Adjustment Bureau are that the full force now on the job will be kept busy for at least 60 days before any of men brought in from other cities are allowed to leave. Then will follow a period of at least four months additional before the job is cleared up.

Also the preliminary estimates as to the damage are holding up surprisingly close.

### SCRAMBLE FOR MATERIAL

There has been a great scramble in the storm areas to get material and

gram offers a complete solution because this man may now purchase the special O. L. & T. protection with medical payments insurance plus employers liability endorsement including medical payments.

workmen, there being a dearth of both. Contractors are in demand. All of them or nearly all are signed up by the insurance companies and will be busy for some weeks to come. In spite of many difficulties great progress has been made in getting repairs made. Where a building was very badly damaged it will require some time for rebuilding or revamping. As far as lumber and other materials except metals are concerned contractors have been able to get supplies. However, plumbing fixtures, wiring or in fact, any metal parts are out of question. Where a building was used in the war effort it may obtain priorities and thus get preferential treatment.

Householders and other property holders who were not insured have been greatly handicapped because they have not been able to secure craftsmen to make repairs or get material. The insurance companies being the large buyers of material and employers of contractors, carpenters and other experts command the market. The uninsured therefore is out in the cold. Adjusting companies have resorted to every means to get competent adjusters. They are drawing on the branch offices, independent adjusters and using other means to secure men in claim work.



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## Lower Commissions, Higher Overhead Plague Brokers

NEW YORK—Harassed by reduced commissions, increasingly complex coverages, and a higher overhead, insurance brokers face the urgent necessity of developing more efficient operating methods and should not hesitate to charge fees in addition to their commissions where the amount of work warrants it, according to John C. Kemp, insurance broker and adviser, and head of John C. Kemp, Inc., New York City.

Mr. Kemp feels that the brokerage business is in a state of transition, that the trend is toward cutting down the commissions on big risks, the result being that there is certain to be a sharp reduction in the number of brokers, while survival will depend on efficient and economical operations and on being able to give real service to clients.

### Consultants Can Be Valuable

Another trend which Mr. Kemp feels is in the making is the bringing in of specialists as consultants on those phases of the client's coverage which require special technical knowledge. Many brokers, Mr. Kemp has found, hesitate to call in a consultant, frequently because the broker feels that he would lose standing with his client if he were to admit that somebody else knew something about certain phases of insurance which he himself didn't know. Mr. Kemp himself does not hesitate to call in specialists in various fields when he needs their services. Manufacturers and other large clients, through their own experience, appreciate the advis-

ability of specialized services, and the need for such services is more pronounced in all fields than ever before.

Naturally, the broker has to be sure of the tact and integrity of the man he calls in as a consultant. He must be sure that the specialist is not the type who will rub the client the wrong way or perhaps unintentionally drop a remark that would reflect on the broker's competence.

### Should Survey Needs

Criticizing the type of broker who merely signs a policy and sends it on to his client without really investigating the latter's needs, Mr. Kemp said that it is only necessary to glance through the New York Law Journal to find examples of misunderstandings resulting from poor service. He feels that one of the best safeguards against this sort of thing, which reflects on the entire insurance business, is for home offices to take on young men, who after gaining experience will go into the brokerage end of the business. Unless this is done the broker is going to have a difficult time finding usable employees who can be developed for responsible positions. If brokers are going to have to train their men from scratch they will have hard going with reduced commissions and increased overhead and salaries to pay.

As an example of what happens when an industry fails to develop new blood, Mr. Kemp cited the rise of federal agencies for training young people, the result of industry's not taking them on during the depression.

## New Kansas Auto Manual Increases Comprehensive and Collision Rates

A new automobile manual has been issued in Kansas effective Sept 1, the first revision since 1941. The 80-20 collision form is now included. Fire and theft rates remain unchanged. However, comprehensive and collision rates for both private and commercial vehicles have been increased somewhat due to unfavorable loss experience. The comprehensive rates in territories A-B, A-E, and A-H for private passenger cars, A classification, up to six months old, are increased from \$9 to \$10, \$11 to \$12, and \$13 to \$14; 6 to 18 months old, no change, \$8 to \$9, \$10 to \$11; 18 to 30 months, no change, \$6 to \$7, \$7 to \$8; and over 30 months, the same. For B type cars the changes are \$10 to \$11, \$12 to \$13, \$14 to \$15; \$7 to \$8, \$9 to \$10, \$10 to \$11; for the third and fourth age groups, the same.

### Increase on New Cars

On new cars the collision rates have been reduced, but on practically all other age groups the change is an increase. There is no territorial difference. For A type cars in the four age groups the changes are: \$27 to \$25, \$22 to \$23, \$16 to \$18, and \$11 to \$15. For the B type cars, the changes are \$32 to \$29, \$26 to \$26, \$19 to \$20, and \$13 to \$17.

As in other states, the classification of "light commercial vehicles" has been done away with and such vehicles are now considered under "local hauling." To the definition of passenger type automobiles, which formerly included cars equipped with "small box," are added cars with pickup body and delivery-sedan type cars.

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## Further Rulings Made on Federal Stamp Tax on Unauthorized Insurance

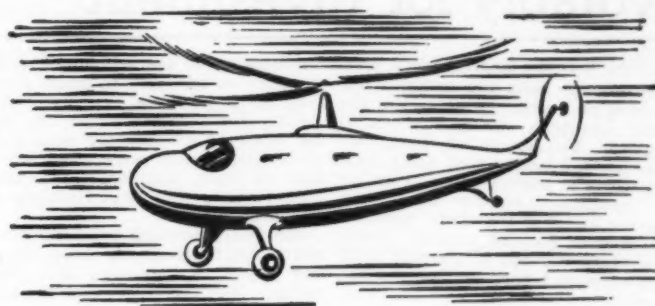
The National Board has sent to its member companies a communication from Duncan & Mount of New York, attorneys for London Lloyds, setting forth Duncan & Mount's interpretations of further rulings of the commissioner of internal revenue as to the stamp tax on unauthorized insurance and reinsurance under the federal revenue act of 1942.

As to policies of direct insurance with deposit premium and periodic adjustments of premium, Duncan & Mount say the stamp tax is required to be paid with respect to the amounts of premium as calculated at the time of the periodic adjustments. If a tax has been paid with respect to a deposit premium and the deposit exceeds the actual premium charge in the final determination claim may be made for the excess.

### Status of Reinsurance

As to a so-called Carpenter plan or burning cost reinsurance treaty for five years entered into before Nov. 1, 1942 to remain in effect without privilege of cancellation until July 1, 1947, Duncan & Mount express the belief that no tax is due on premiums payable.

As to a reinsurance treaty for a term of years with an initial deposit and periodical adjustment of premiums, Duncan & Mount say that the internal revenue bureau ruling reverses a ruling that was made several months ago. The new ruling is that if the treaty provides for a so-called deposit premium, and the actual premium is calculated at the end of fixed periods based upon factors not determinable when the treaty is written, and the deposit premium is credited against such actual premiums and any excess returned to the reassured, the stamp tax is not required to be paid with respect to the deposit but only with respect to the amounts of premium calculated at the time of the periodic adjustments.



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## Insurance Stocks Regarded Favorably for Investment

Providing that the general stock market does not fluctuate too radically between now and next January, the demand for insurance stocks is expected to be good. By August or September insurers can tell pretty well what their earnings for the year will be. Fire insurance companies usually have their most severe losses in the winter months. By late August, barring unusual losses, they can reach the end of the year with earnings estimated four or five months in advance.

Investors in the next four or five months will be looking for good insurance issues in the fire field from now to the end of the year. Most insurance stocks are bought up for investment purposes. Also, many insurers do not have enough stock out to permit any considerable trading. Consequently, insurance stocks are less speculative than many other types. The general stock market influences the prices. There is always a sympathetic relationship between the two. But insurance issues respond to general market trends less rapidly and less extensively than other stocks, although certain ones, such as those of Continental and Fidelity-Phoenix, which are listed on the New York Stock Exchange, respond more closely to the market.

Some of the distinctive features of the insurance stocks, particularly fire company issues, are discussed in an interesting article in "Medical Economics," which goes to the medical fraternity, in the July issue.

### STOCKS FOR DOCTORS

Raymond L. Hoadley, author of the article, stresses the desirability of insurance stocks for investment by doctors. Leading fire companies have a long time record of stable earning power, Mr. Hoadley points out. Their continuity of dividend payments is almost unrivaled in American business. Market prices of their stocks have increased steadily over a period of years. Yet the investment status of fire insurance issues has not been readily recognized. The reason, he says, is that they are not appraised by the same standards as other stock equities.

He points out that fire insurance is written largely by stock companies, many of which have been in existence for generations. Most of the larger companies have been in operation from 50 to more than 100 years. They have survived market panics, major fires, world wars and all the depressions.

#### Operations Are More Efficient

The fire insurance business is probably operated more efficiently today than at any time in the past, the article states. Reinsurance plays a prominent part. Risks are so spread out that even in the event of a major fire the loss to any one company is kept within reasonable bounds. As a rule fire insurance premiums fluctuate in direct proportion to the rise and fall of national income. Fortunately these rises and falls in the

business cycle are seldom of such proportions as seriously to affect the financial stability of the well managed companies, Mr. Hoadley states. In the first 30 years of the century aggregate underwriting profits were small but in the last 10 years, due largely to improved construction, the underwriting record has been better.

Profits of fire and casualty companies are derived principally from underwriting and investment, Mr. Hoadley writes. For the larger and stronger fire companies, profits from investments are consistently greater than those from underwriting. Even in a year when a fire concern shows an underwriting loss, its investment gains are usually large enough to offset this loss, thereby resulting in a net profit. Twenty large fire companies suffered nominal underwriting losses in several of the depression years, yet over-all net profits were recorded by each company in every year from 1931 to 1939. Few businesses equaled this record. Dividend payments are conservative but often unbroken for long periods of years. Dividend disbursements average about 90% of investment income. Taxes have not been a pressing problem for the fire companies because only 15% of investment income is subject to normal corporate income taxes and surtaxes. These companies generally do not have to pay excess profits taxes as their average earnings base is high. Underwriting earnings are subject to substantial taxes.

Casualty companies with record premium volume last year and very high underwriting earnings will have taxes to contend with. Taxes are more important for casualty companies, Mr. Hoadley stated.

#### Liquidating Value as Yardstick

He points out that the best yardstick that the investor has for measuring insurance values is their liquidating value. This is paid-in capital, surplus and 40% of the unearned premium reserve divided by the amount of shares outstanding. If liquidating value is much lower than market price, the stock should probably be avoided, he says. If the liquidating value is definitely higher than market price the shares are in a buying range.

The yield on fire insurance stocks is low compared with that of stocks in other fields, but compared with the yield on various types of bonds, it is high. The aggregate yield of 20 large insurance stocks last year was 3.9%, comparing favorably with the average of less than 3% on government and municipal securities and on high grade industrial bonds, Mr. Hoadley writes. In the past few years the fire insurance stocks generally have performed better than industrial issues. Stocks that appreciate most in market value are likely to be those of companies whose managements plow back a good portion of earnings into the business as the insurance concerns have done.

The companies have no long term debt burden during times of depression which is a notable element of strength, he states. Holders of insurance companies stocks also occupy a rather unique position in that policyholders are contributing funds which, other things being equal, are adding to the equity of stockholders.

#### Well Prepared Against Inflation

With respect to inflation, he states, the stock portfolios of most of the large fire companies are well diversified. Most of them have varying amounts of the so-called growth, semi-stable and recovery issues. Thus in an inflationary period the portfolios would contain some of the appreciating issues. Also, fire stocks have certain favorable deflationary characteristics. The fire com-

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panies run a cash business and have no plants, equipment or inventories to worry about after the war. They may be even better off after the war ends than they were in the beginning, if their experience follows the same pattern as in the last war.

Better fire fighting equipment, improved water supply systems and civilian training in fire prevention and control have lowered fire losses, and fewer

automobile accidents have benefited casualty companies, he writes. The government has taken the possible burden of war damage off the companies, and the War Shipping Administration has been handling war risk insurance on ocean going ships, which has relieved the fire companies of risks that often prove unprofitable. Taxes are probably the most important problem of uncertainty in the picture, he states.

## Fine Work Accomplished by Automobile Claims Body

NEW YORK — An organization which fills a real need in the New York City area and which is scheduled for expansion to other sections of the country after the war is the Automobile Claims Association. Founded a dozen years ago when the relationship between insurance claim departments and automobile dealers in this territory was characterized by mutual suspicion and distrust, the association has cooperated with the Automobile Merchants Association of New York and the Brooklyn and Long Island Motor Vehicle Association in straightening out common problems with the result that today there is an excellent basis of understanding between the insurers and the automobile service men.

Organizers of the association were C. S. Trecartin, Agricultural, who is now in the army, R. M. Huyler, America Fore, and Benjamin Callan, Pacific Fire, who has since retired. Mr. Trecartin and Mr. Huyler were the first and second presidents respectively of the organization. Relations with automobile repair men were in general so unsatisfactory that there was little difficulty in getting other automobile claim men interested in organizing.

### Learned Other Side's Viewpoint

As frequently happens in such situations, when the organized claim men and the organized automobile dealers, through their representative committees, sat down around a table together they learned something about each other's problems and discovered that the man on the other side had neither horns nor a tail and was likely to be a pretty good fellow.

One of the claim men's biggest headaches was that it was altogether too easy for unscrupulous or even moderately honest insured to get the service man to whom he took his car for repairs after a collision or fire to include in the estimate the cost of all manner of repairs whether they had any connection with the claim or not. This was quite a temptation to a repair man for if he acceded to the customer's request he stood to make considerably more than if the estimate covered only the legitimate amount of the claim, whereas if he refused he knew the customer would take his business to a shop that would play ball. This condition resulted in a great deal of insurance claim repair business going to shops which would countenance this type of thing.

### Repair Men Developed Business

Another trouble the claim departments were having was the tendency of some otherwise quite legitimate repair shops to build up an estimate as soon as it was known that an insurance company was paying the bill. For example, the dealer might tell the insured that a new frame was necessary when ordinarily he would repair the old frame. In some few cases the estimate might cover a new frame with the idea of straightening the old one and applying the difference in cost to other repairs wanted by the insured but in general the parts covered in the estimate would be actually furnished, the dealer getting his profit out of the price of the new frame and the extra labor of installing it.

One result of the conferences between the claim men and the automobile men was that the latter agreed, in furnishing

estimates of repairs, to segregate work arising out of the fire or collision from any other work the insured might want done at the same time. Furthermore the repairs were not to begin until the company adjuster authorized them. Any disagreements were to be referred to a joint committee representing the dealers and the claim association.

Unfortunately the National Recovery Act seemed to bar such an arrangement and it was dropped. However the improved relationship and the understanding of one another's positions that resulted have continued. One extremely

important result from the insurance companies' point of view is that the absence of built-up estimates has greatly diminished friction between the policyholder and his insurance company in connection with claims. When a repair shop would tell the insured that he ought to have this, that, and the other replaced when the part in question could just as well be repaired the claim department had a job on its hands trying to convince the insured that he was getting all that was coming to him when repairs were made on a less lavish basis than the shop's estimate.

### Current Problems Discussed

The Automobile Claims Association's primary function today is that of a forum for the discussion of problems of the business. There is a luncheon each month and sometimes special evening meetings, besides which there is an annual dinner and entertainment. The informal discussions following the luncheons deal with current developments and problems.

The association has a committee on thefts, which has the special responsibility of keeping up with new anti-theft devices and new police or recovery methods. There is a law committee and since the tire restrictions have been in

effect, a committee on tires. Tire thefts at first were quite baffling but the registration and inspection requirements have cut tire thefts to where they are no longer much of a problem. Sometimes the claims association holds joint meetings with the Automobile Superintendents Association, which is made up of the underwriting executives of automobile departments.

Officers of the claims association this year are E. C. Keating of Great American, president; E. J. Moran, London Assurance, vice-president, K. C. Maines, Appleton & Cox, secretary, and Thomas Hunter, North British & Mercantile, treasurer.

### Montana Assn. Dates Changed

Dates for the meeting of the Montana Association of Insurance Agents have been changed from Sept. 13-14 to Sept. 20-22. The meeting will be at the Finlen hotel, Butte.

### Central Bureau Report

The Central Bureau of New York reports that unpaid earned premiums of fire companies for March, 1943, amounted to \$11,375, a decrease of \$1,894 from March, 1942. For casualty companies the 1943 figure was \$72,475, a \$33,149 decrease.



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## Many Fears of Underwriters Have Proved Groundless

Automobile underwriters in the fire, theft and collision field are much happier about the outlook than they were a year ago. Moral hazard claims have not developed to anything like the extent that was feared. The reason for this—maintenance of high values for used cars by the war-worker demand—has also caused many more motorists to keep their insurance in force than insurance men believed would be the case. Government regulations on the registration and inspection of tires have taken care of the threatened wave of automobile thefts in which the tires were the thieves' goal.

Another bright spot is the opportunity which the absence of new model cars offers for a general readjustment and simplification of rating classifications. In normal times the intense competition among manufacturers makes them extremely jealous of their rate positions and vehement against any method of classification that would place them in what they consider to be a relatively less favorable position as respects insurance rates even though their rates were not increased at all.

### Drop in Finance Premiums

The big drop in premiums has of course come in the business that formerly came from finance companies. However, considering only what is called agency business the drop in premiums is probably only in the neighborhood of 15 percent. Agency business has felt the virtual elimination of new-car sales to some extent, as premiums from agencies have included some business on new cars which owners bought for cash or financed through banks or local finance companies.

Normally the automobile premiums of fire companies are divided approximately 50-50 between fire, theft and collision on the one hand and collision on the other. Finance business, because of the finance companies' insistence on collision coverage, has tended to tip the balance in the direction of collision premiums, so that the business that is now being written is much more predominantly fire, theft and comprehensive than would ordinarily be true.

### Keep Fire and Theft

Apparently motorists think twice before dropping the relatively inexpensive fire, theft or comprehensive coverages since these hazards are beyond their control. However, in the case of collision, particularly after a car is several years old, the size of the premium looms large in relation to the car's actual cash value, even at today's inflated prices, besides which the careful driver feels that with the reduced amount of driving he is doing, coupled with wartime speed restrictions and the great reduction in the number of cars on the road in most areas he can safely self-insure the collision risk.

As might be expected there has been a definite improvement in loss ratios, particularly with respect to collision. The collision hazard has been bad however in newly congested areas, particularly in the southeastern states where

many army camps are located. Highways that were not designed for heavy traffic have been jammed not only because of army personnel but because of the great numbers of construction workers. With most of these camps now constructed and the workers gone elsewhere it may be that the collision situation will improve materially.

### EAST HARDEST HIT

The decline in premium volume on agency business has been more pronounced in the east than in the west and south because of the much stricter rationing of gasoline in the eastern states. However, even in the east people seemed disposed to hang on to their cars in spite of the limited amount of driving they can do on six gallons a month. While the fixed charges in connection with keeping an automobile in running condition result in a fantastically high cost per mile of travel for the holder of an "A" book in the eastern area, there has been no rush to give up cars. Apparently car owners, even though unable to use their cars very much, find that it would be extremely inconvenient to be entirely without the use of one.

Now that recapping of tires no longer requires a permit, there is less danger that the owner of a car whose tires have worn out will try to dispose of his car through a dishonest claim. A year ago there was considerable concern among underwriters that tire and gasoline restrictions would cause great numbers of people to give up their cars, thereby bringing values down so far that there would be many moral hazard cases. This has not proved to be the case, even in areas where moral hazard is usually the worst.

### Dealers Active in N. Y.

Even in eastern cities where public transportation is such that many people could readily dispose of their cars values have been kept up by automobile dealers purchasing cars for resale to men in war industries who need them for getting to and from work. For example, papers in New York City carry flamboyant display advertising of dealers trying to outdo competitors in promising high prices for late model cars.

It is a fact that these dealers can pay a good premium over the normal New York City market for a used car in good condition and then sell it on the Pacific Coast for \$150 to \$200 profit after having it driven out there. The trip usually costs little more than the price of the gasoline, since it is possible to get someone to drive the car by the offer of free transportation.

### POSTWAR PROBLEMS

Postwar problems of automobile underwriting are a field in themselves but there seems to be no great concern about developments. There is a good deal of feeling among safety engineers and others concerned with the traffic problem that the federal government should continue a nationwide speed limit and that the figure should be no higher than 50 miles an hour. No matter how cars are constructed or what safety devices are incorporated it is apparent that most drivers are not capable of driving safely at more than 50 miles an hour, while even for those that are especially qualified the danger of becoming involved in an extremely serious and probably fatal accident increases rapidly at higher speeds should anything unforeseen occur.

It seems generally agreed that the

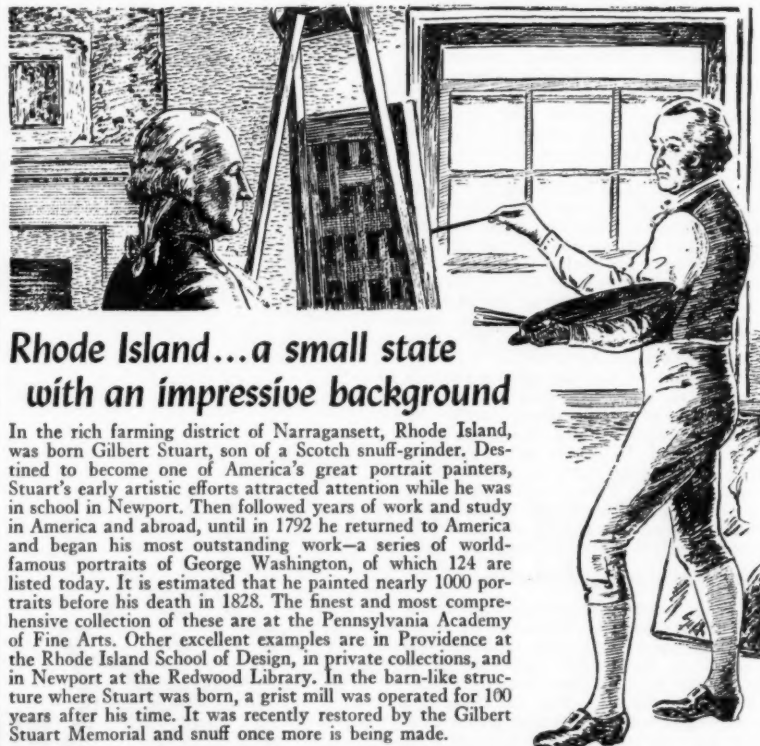
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immediate postwar car will be the 1942 model, for the dies used in the last current model are still on hand and should be in good enough condition to use. It is also clear that as fast as possible the makers will develop radically new models embodying much that has been learned about airplane construction. Whether or not these cars will look as fantastic as some of the advance publicity indicates, they will certainly be lighter and yet have speed and acceleration equal to the 1942 model both because of the lighter weight and smaller motors made possible by high octane gasoline. The lighter engine weight will permit placing the motor in the rear, where many engineers have long felt it logically belongs. One effect of this would be that in case of fire in the motor compartment the flames, in the event the car was running, would be blown back away from the occupants.

#### Would Slash Old Model's Value

If these new designs catch the public fancy and are offered at attractively low prices the market value of the conventional type car, even the post-war machines made on 1942 dies, will drop close to the vanishing point, with resulting moral hazard possibilities. The greatest safeguard for the insurance companies is the provision for paying only the actual cash value of a car in the event of a loss. This provision currently forces companies to pay more than they otherwise would, because of the inflated values, but it will be a great advantage when values drop.

Another postwar development will be the place of finance company business. With the bars on installment sales let down, motorists are certain to be offered attractive terms for the purchase of new cars and this will mean a swing in premium volume away from purely agency business. A number of the important finance companies have their own insurance carriers. On the other hand many people will have cash available through savings or cashing in war bonds and will be able to purchase automobiles outright, particularly if

competition among makers pushes the price level down.

In this connection, it has been indicated that the Kaiser shipbuilding company will go into the production of automobiles after the war. This would mean much stronger competition than is ordinarily provided by any maker outside the big three.

Underwriters hope that the rush to get the jump on other competitors will not result in the use of materials or designs which would increase the fire or collision hazard. Established makers, though at first jealous of their prerogatives, have through the years come to take a very cooperative attitude towards the Underwriters Laboratories and would of course submit any new designs in advance to the laboratories, knowing that no trade secrets would be revealed. It is hoped that any maker not previously engaged in making automobiles and contemplating entering the field after the war will submit designs with a view to eliminating hazards that might otherwise be incorporated into a new design.

### Interpretation of the Term "Vehicle" Made by Court

The Texas court of appeals, San Antonio, reversed the case of Davis vs. National Casualty which involved a "travel and pedestrian accident policy." The lower court rendered judgment against the National Casualty for \$500 for loss of a foot. Davis was injured while performing his duties for a rig builder contractor and while engaged in moving a drilling derrick from one location in the oil field to another over a road. The derrick was being pulled by a caterpillar tractor which was propelled by gasoline. The derrick was pulled on rollers along the road.

Davis had been carrying rollers from the back to the front of the derrick and placing them under it. While standing or walking on the highway his right foot in some manner got under the roller near the front of the derrick as it was being pulled along. Davis was knocked down and had his right foot and ankle crushed to such an extent that it was necessary to amputate the foot.

Recovery was sought by the assured under a clause insuring a pedestrian against injuries by a vehicle propelled by gasoline or other power. The higher court concludes that Davis was not struck by a "vehicle" since neither a derrick being skidded from one location to another, nor a loose and detached roller under the derrick was a "vehicle" within the contemplation of the parties. Hence the judgment for the plaintiff was reversed and judgment rendered that he take nothing.

William Hamilton, 54, assistant vice-president of Great American Indemnity, died at Yonkers, N. Y. He had been in poor health since suffering a stroke four years ago. A native of Scotland, Mr. Hamilton came to this country at an early age and in 1913 became an inspector for Ocean Accident. From 1914 to 1918 he was with Travelers in New York City, leaving in the latter year to become manager of Continental Casualty's New York City office. He returned to the Ocean when Continental Casualty temporarily discontinued casualty business in New York and in 1922, when Independence Indemnity was organized, he became assistant to the second vice-president and had general supervision of compensation, liability and automobile underwriting. In 1926 he became assistant vice-president in charge of compensation and liability underwriting of Great American Indemnity.

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### Interesting Question of Apportionment in La.

An apportionment argument between the Eagle Indemnity and Travelers Indemnity came before the Louisiana court of appeal in Lacour et al. vs. Ferguson, Jr., et al. Ferguson invited his son-in-law, Dr. Lacour, and daughter, Mrs. Lacour, with Miss Price, his niece, to go with him to a night club. He drove to his son-in-law's home in his own car, but, as his car was not large enough for the party, he drove his son-in-law's car to the night club. On the way back there was an accident and his daughter, Mrs. Lacour, was injured. She and her husband brought suit against her father, Mr. Ferguson, and both won judgments. The doctor was given a verdict of \$1,379 for medical care, etc., while the daughter was awarded \$8,500.

Dr. Lacour carried a policy with standard limits in Eagle Indemnity, with an omnibus clause. Ferguson carried a policy in Travelers with \$25,000/50,000 limits, the policy carrying a drive-other-cars endorsement that provided the coverage should be excess.

There was an appeal and the daughter's judgment against her father was reduced to \$5,000. Travelers contended

### Severity of Accidents Continues High

The wartime 35 mile per hour speed limit has brought about some reduction in the over-all accident rate per mile of travel but National Safety Council figures indicate that the lower speed limit has apparently had little effect on the severity of accidents. Interstate Commerce Commission reports on commercial vehicles show that although all accidents were cut 15% in 1942, deaths were only reduced 3%.

that both judgments, the one in favor of the doctor and the one in favor of his wife, should fall on Eagle Indemnity, because each judgment was in favor of a different person. The upper court ruled that Eagle was liable only for \$5,000 all told, and that the judgment above that amount fell on Travelers.

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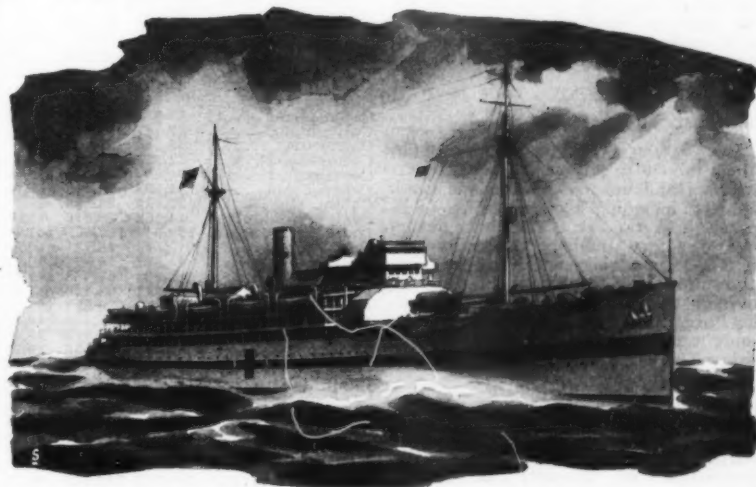
#### WANTED

Young woman as assistant in Agency and License department of Chicago Fire Insurance office. Some knowledge of shorthand desirable. Give full particulars and salary expected. Address S-73, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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A young married man with several years Fire Insurance experience. Travelers Ins. Co., 175 W. Jackson Blvd., Chicago, Ill. Wab. 3000.

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## AS SEEN FROM CHICAGO

### WANT TO BUY COMPANIES

During the last year or so there have been indications of people endeavoring to buy insurance companies, life, fire or casualty. The supposition is that they are representing people who have considerable money and see this as an outlet for investment. They study the figures of substantial companies and reach the conclusion that the insurance business from a company standpoint is lucrative. As a matter of fact, it would be very difficult to pick up a company of any kind that could be whipped into shape in a comparatively short time now. As a rule companies are sold when the directors feel that they are playing a losing game. Successful companies buy those that are playing in hard luck and soon rehabilitate them. However, when independent capital purchases a company a different story is told. The people seeking to buy insurance companies are usually insurance agents or investment bankers. As a matter of fact, now is the toughest time to buy a company.

### FAREWELL FOR OSGOOD

The men of the Chicago service office of North America, to the number of 37, gathered at a farewell luncheon for Richard G. Osgood, who has been promoted from Chicago manager to agency secretary at the home office. Carpentry is one of Mr. Osgood's hobbies and the Chicago group presented him with a fine miter box set. The presentation was made in behalf of the group by C. G. Kuechler, who is in charge of fire insurance production among the Chicago class 1 agents.

### NEW CHICAGO DIRECTORY

THE NATIONAL UNDERWRITER has published the 30th edition of the "Underwriters Handbook of Chicago and Cook County," including a complete list of licensed brokers. It is the only insurance directory published for Chicago. In fact it is a reference book for Chicago and Cook county insurance-wise covering the insurance companies, agencies, organizations, etc. It is a very handy reference book to keep on one's desk. The price of the book is \$5.

### OHIO OFFICIAL HONORED

Roy L. Davis of Chicago, manager in charge of the western office of the Association of Casualty & Surety Executives, gave a luncheon at the

Union League Club Wednesday in honor of Theodore M. Gray of Columbus, O., executive secretary of the Ohio Association of Insurance Agents. He was formerly a state senator in Ohio. Mr. Davis gave some addresses in Ohio on the automobile financial responsibility law under the auspices of the Ohio body. He thus came in close contact with Mr. Gray.

Henry Metcalf, who was Cook county counterman for Millers National until he became a government safety inspector at New Orleans in March, 1942, has been inducted into the army and reports at Camp Grant, Rockford, Ill., this week.

### Chicago Fire Premium Filings Are Continuing

Many additional companies have filed their net fire premium figures for the fiscal year ended June 30 with the Chicago city controller's office. The comparative totals for the 1943, 1942 and 1941 fiscal years are:

Stock Companies	1943	1942	1941
	\$	\$	\$
Aetna Fire .....	375,606	363,005	347,767
Amer. Drug .....	43,114	41,947	41,183
Amer. Central .....	92,614	79,249	77,001
Alliance Assn. ....	80	79	103
Amer. Eagle .....	100,089	78,118	64,686
American, Tex. ....	4,193	2,237	1,495
Anchor .....	10,516	12,642	7,953
Alliance .....	90,925	63,406	53,210
Agricultural .....	89,965	86,332	76,557
American, N. J. ....	290,762	170,564	146,665
Brit. General .....	2,028	2,384	2,241
California .....	36,329	31,423	21,415
Caledonian .....	44,966	44,532	50,124
Central Surety .....	569	266	268
Caled. Amer. ....	43,138	41,977	24,841
Columbia, O. ....	87,081	101,634	79,877
Concordia .....	59,544	63,822	58,670
Columbia, N. Y. ....	32,951	33,536	12,242
Continental .....	304,007	388,323	313,934
Central, Md. ....	31,122	26,048	16,940
Comm. Un., N. Y. ....	22,493	23,893	21,157
Dixie .....	44,156	25,016	12,531
Dubuque F. & M. ....	133,510	150,561	131,183
Eur.-Sec. ....	49,848	48,781	40,603
Fulton .....	43,802	15,575	10,733
Fireman's Fund .....	210,928	187,488	132,366
First Nat. ....	71,541	64,150	47,865
Firemen's .....	187,711	130,826	143,006
Fidel.-Phenix .....	234,004	179,686	148,442
First Amer. ....	75,007	69,078	29,408
Federal, N. Y. ....	42,888	31,535	20,731
Girard F. & M. ....	160,725	161,264	170,538
General .....	107,582	83,552	82,257
Granite State .....	36,838	31,629	24,455
Hanover .....	93,792	100,553	99,497
Home F. & M. ....	81,939	75,057	58,824
Imperial Assu. ....	112,539	137,397	109,396
Lond. & Scot. ....	13,956	14,695	15,748
Monarch .....	30,894	45,189	48,552
Mercury .....	109,729	102,717	84,713
Merchants, Ind. ....	50	—45	170

	1943	1942	1941
	\$	\$	\$
Motors .....	7,288	11,289	.....
Michigan F. & M. ....	68,638	65,248	65,609
Milw. Mech. ....	203,335	161,563	144,959
Maryland .....	42,280	25,532	12,296
Marine .....	1,856	1,508	1,116
Netherlands .....	19,372	24,327	22,806
Northern, N. Y. ....	98,227	88,516	106,650
New England .....	38,601	12,348	8,166
North Amer. ....	563,157	325,537	326,332
Nat. Secur. ....	28,913	29,100	22,091
Nat. Ben. Fr. ....	39,208	48,959	40,212
Niagara .....	178,141	171,074	154,513
Occidental .....	32,971	30,100	26,659
Ohio Cas. ....	11,877	12,496	12,645
Pearl .....	169,216	163,521	204,041
Prov. Wash. ....	126,703	120,349	107,926
Pac. Nat. ....	97,618	105,546	114,612
Phila. F. & M. ....	85,994	.....	.....
Piedmont .....	21,919	5,948	4,993
Palatine .....	758	2,085	957
Republic, Tex. ....	57,320	37,816	24,706
State of Pa. ....	35,005	38,705	46,748
St. Paul F. & M. ....	192,445	165,583	140,112
Springfield .....	274,660	271,129	205,722
Sentinel .....	38,923	32,558	38,688
Standard, N. Y. ....	306,871	296,260	280,069
Sea .....	2,446	1,648	1,582
Twin City .....	38,498	36,040	33,239
Union, Canton. ....	10,833	11,813	6,960
Un. Mar. & Gen. ....	21,612	25,649	15,519
United Firemen's .....	111,796	137,354	112,037
Union Assur. ....	10,943	12,683	9,202
Vigilant .....	6	28	37
World F. & M. ....	67,032	41,023	30,520

†Auto fire.

### Mutuals

	1943	1942	1941
Allied Amer. ....	10,676	14,037	11,337
Arkwright .....	4,844	4,608	6,362
Atlantic .....	45,438	30,347	13,555
Berkshire .....	2,289	2,414	1,303
Mfrs., Mass. ....	8,299	.....	.....
Cot. & Wool Mfrs. ....	4,154	3,934	2,699
Employers, Wis. ....	17,971	14,067	22,578
Fall River Mfrs. ....	2,138	3,545	.....
Federal, Mass. ....	138	76	84
Firemen's, R. I. ....	67,991	28,365	.....
Gr. Deal, Ind. ....	17,448	12,514	11,368
Hdw., Minn. ....	1,287	300	770
Mich. Millers .....	18,701	16,497	9,493
Millers, Tex. ....	12,292	8,160	5,844
Mill Owners, Ia. ....	18,717	10,812	14,814
Ohio Hdw. ....	1,351	495	1,495
Pawtucket .....	1,207	1,718	884
Pa. Lumb. ....	20,136	21,888	16,668
Pa. Millers .....	17,006	13,535	9,008
Union, R. I. ....	70,745	59,956	58,772

H. W. Klages, Chicago manager of Chubb & Son, is expected to return next Monday from a three-week cruise in Lake Michigan on his auxiliary sailboat, the Se-Gal-K.

### IN U. S. WAR SERVICE

Wendell A. Andresen, aviation underwriter for the J. P. Bowes & Co. agency of Chicago, who entered the navy recently as a lieutenant (j.g.), is now stationed at Harvard University in the communications division.

Richard Todhunter, counterman and casualty underwriter on the Chicago metropolitan desk of Indemnity of North America, who was inducted into the army recently, is now stationed at Ft. Custer, Mich. He has a wide acquaintance among Cook county brokers.

R. A. Laird, for the past two years production manager of St. Paul Fire & Marine, will terminate his work there about Aug. 31 to enter the army.

About 40 Oklahoma field men attended a farewell party in honor of Henry Gerke of Great American, who will enter the Army Sept. 1.

Speed U. Reavis, Jr., founder of the Mutual Insurance Agency, Little Rock, Ark., has been commissioned a lieutenant (j.g.) in the naval air intelligence.

Second Lieut. Robert H. Hyde, Groninger & Co. of Seattle, took part in the bombing of Rome. He wrote his mother that he was the bombardier in the last American plane to fly over the Italian capital.

B. C. Casady, local agent at Cantril, Ia., has entered service. His wife is operating the agency.

Walter R. Howell has closed his agency in Union City, Tenn., and will be inducted into the army engineers in September.

Lieut. W. B. Hopkins of the navy communications department, who is a member of the agency of Hopkins &

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Mulock, Des Moines, visited his parents, Mr. and Mrs. B. C. Hopkins. Young Hopkins is making a good record.

**Cheney Prouty**, Kansas City, Kan., past president of the Kansas Association of Insurance Agents, has reported for military service. The agency will be in charge of Mrs. Prouty for the duration.

**Don Reed** of the Paul C. Yankey agency, Wichita, son-in-law of Mr. Yankey, and **O. V. Ashley**, staff adjuster with Sheffer-Cunningham for eight years, have reported to Fort Leavenworth for military service.

**John Mason Lord**, son of John S. Lord, attorney-in-fact of London Lloyds and senior member of Lord, Bissell & Kadyk, Chicago legal firm, has just returned to this country on leave from Africa. He is a first lieutenant and bombardier in a Flying Fortress, who has been on over 50 combat missions over Africa and Italy. His ship flew Gen. Montgomery, it took part in the holding of the Kasserine Pass in Africa, in the first bombing of Rome, sank two cruisers in the neighborhood of Sardinia, and saw much other action.

**Charles W. Birnsteel**, formerly with Travelers in Louisville, has been promoted to first lieutenant in the quartermaster replacement training center headquarters at Camp Lee, Va.

## NEW YORK

### FIRE PREVENTION WEEK

Fire Prevention Week this year will be Oct. 3-9. Already the National Fire Protection Association, 60 Battery-march street, Boston, is getting out literature that can be used in connection with fire prevention. T. Alfred Fleming of the National Board is chairman of the committee on fire prevention-cleanup campaign of the N.F.P.A.

### SURPLUSES SHOW INCREASE

The surpluses of many insurance companies show a decided increase since Jan. 1 due to the increase in security values. There has been a sharp upward turn in the stock market and this has enhanced market values of stocks. Naturally this increase is what is called "paper profit." It may be wiped out and even more so by a downward trend. At the present, however, the climb is upward. Seasoned executives do not rely on so called profits of this kind as substantial and permanent. They are fluctuating. Some companies carry special reserves to take care of fluctuating market prices. Companies would not increase dividends on account of temporary paper profits. The financial showing is stronger for the nonce, because of stock market quotations but solid institutions base their real surplus on conservative valuations.

### HIT SECOND LINE OF DEFENSE

Insurance offices will be harder hit than ever when the forthcoming draft of fathers for service begins. The boys that have left for service have been replaced more or less by older men, by women or by doubling up of work. That was the line of first defense. Now the line of second defense will be hit hard and it will mean more to offices to have the fathers up to age 38 taken. They constitute men of experience. It will have a disintegrating effect and it will be very difficult indeed to replace them. Office executives fear this move more than any other.

Like all others they deprecate the uncertainty of the announcements or published articles that appear emanating from Washington leaving the public in a more or less doubtful or confused state of mind. For instance, General Hershey, head of the selective service department, announced definitely that the draft would start in October. Then Paul V. McNutt, head of the manpower division, modified this and attempted to put on the brakes. Then members of

## Now Major Rosen Settling Auto Claims Has Some Changes



LOUIS ROSEN

Capt. Louis Rosen, formerly connected with the local agency of Williams & Rosen, Little Rock, and past president of the Arkansas Association of Insurance Agents, now executive officer of the 4th Ferrying Command with headquarters in Memphis, Tenn., has been promoted to major. He has been in the service a year and a half.

Congress have stated that they will introduce bills to stay this draft.

Altogether it keeps the pot boiling and not only the men themselves are affected but their employers. The sentiment around insurance offices is very strong in favor of having no statements of what is going to be done until it has been definitely decided and then let it be done in an orderly way instead of having different federal officials cross each other's paths and give out different information.

Fundamentally the procedure of settling public liability and property damage claims remains unchanged, even though the war has produced some modifications in handling details.

In minor accidents few companies any longer require the detailed identification of the automobile involved that they formerly did. This consisted of a special form that was filled out on the scene of the accident by the adjuster. The adjuster now gets a description from assured or driver, and if this tallies with the description in the file, that is considered enough of a check.

More public liability and property damage claims of \$200 or less are being settled over the telephone. There seems to be no real objection to the method, and it may continue beyond the war. It has proved itself satisfactory. If anything suspicious develops in the course of settlement on this basis, then it is usually not too late to change tactics.

There is a more cooperative spirit on the part of assured who used to say, "come out here now," speaking from the scene of the accident, or "meet me at my house in an hour or so." Now he will readily agree to an arrangement under which the adjuster meets him half way, or will even go to the adjuster's office at a designated hour.

One potentially dangerous tendency is that the adjuster, working under unusual pressure, is liable to push settlement of small claims through too hurriedly. His attitude is, "what do a few dollars difference make?" It is still true that a dollar saved on 100 claims is as good as \$100 saved on one claim. There is, particularly on property damage, a fair settlement price, and this should be reached. Actually, there is more excuse to pay a little more on the large, potentially dangerous claims than on the small ones.

Claim men think they will meet more serious problems within the next year, and that they will have to im-

provise additional ways of meeting the shortage of personnel, restrictions on transportation, etc. They believe, however that they can meet these crises as they arise.

It is taking more time to adjust physical damage automobile losses than formerly, and this has increased the adjustment expense somewhat. There is a lack of trained mechanics; the average repair shop has more work than it can do; there are delays in getting parts. It is hard to get a guaranteed estimate from a dealer who is uncertain of securing parts because of gasoline and tire rationing, adjusters are having to use other means of transportation whenever possible, and these consume more time. Although an adjuster will accept the estimate of the garage or repair shop that he knows and has confidence in as to the damage, it seems to be pretty generally accepted that in any case of physical damage it is extremely essential that the adjuster see the property. Otherwise either the company or assured is going to be unfairly treated in the adjustment.

While adjustment expense has increased to some extent, the dollars and cents amounts spent on the adjustment item, in comparison with the whole premium dollar, is small, and the increase is not of concern to the companies.

### Bawden Heads Executive Group

James A. Bawden, Springfield F. & M., has been elected chairman of the executive committee of the Indiana Fire Underwriters Association. John D. Pearson, Glens Falls, is president.

### Harman with Napier & Co.

Richard J. Harman, who has been in the insurance business in the Chicago area for many years, has gone with R. A. Napier & Co., Chicago agency, as fire underwriter. Mr. Harman for 14 years has been a producer for Travelers, Chicago, and prior to that had experience in the underwriting department of American of Newark and later Hartford Fire, Chicago.



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**Globe & Republic Insurance Company of America**  
Established 1862

**Knickerbocker Insurance Company of New York**  
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**Merchants and Manufacturers Insurance Company of New York**  
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## EDITORIAL COMMENT

### Charting for the Future

At the forthcoming annual convention of the National Association of Insurance Agents in Pittsburgh, vital questions dealing with insurance practice, especially in war times, will be discussed. It is highly necessary in our opinion that these insurance organizations continue their conventions in spite of the congested travel because the public is entitled to information of the right sort and with drastic and sudden changes insurance men must keep up with the procession. It is meet that leaders in the business should gather, exchange ideas and promote plans for the best kind of service during an abnormal period. Leaders in the agency movement are fully aware of the necessity of formulating a definite program or platform which will place the producing end of the business behind a course that will function properly, be to the best interest of the business itself and the premium payers.

At the conference held in Chicago between a number of western managers and the central western group of the agency association, Chairman George W. Carter of Detroit as spokesman for the agents, emphasized the necessity of the insurance industry not lagging or lacking in this time of desirability for action.

In this connection it is interesting to study the merchandising plans of outstanding industries and to see what they are doing in preparation for the future.

### Leadership in Post-War Planning

The leadership that the United States Chamber of Commerce has assumed in the direction of industrial post war planning, including insurance, is most heartening. Many in the insurance business have been troubled by the apparent lack of any organized effort to apprehend the economy of the future and to find a star to steer by. Of course individual companies, individual executives and individual managements have undoubtedly pondered these problems and may even have outlined some plans but a single unit within an industry will be governed to a large extent by what the industry as a whole is prepared to do or by the condition in which the entire industry finds itself and more than that, as President Eric A. Johnston of the U. S. Chamber perceives, a single industry's course of action will be conditioned by the plans of industry as a whole.

Hence the U.S. Chamber is appoint-

ing committees representing the various industries that are embraced within its membership to get out their divining rods, sample the sentiment and prepare a program.

It is found, for example, that they all have research departments or laboratories where a scientific investigation is made of the market and marketing conditions. Customer demands are studied. New avenues are opened. Constructive advice is given as to the broadening of the sales field. In this way these industries are looking as far as possible and as accurately as they can into the future. They realize that they will be called upon to deliver the goods, the people must be satisfied with the goods and the way they are handled and sold.

These industries lay great stress on the need of research and laboratory work. They study the complaints of customers, their suggestions. They endeavor to ascertain what buyers want and how they want it. They are creating the best kind of public relations. In fact, this is the proper method in our opinion for any great business to proceed in its effort to popularize itself with the public and have the buyers understand its functions, products and merchandising methods. No successful public relations program can be formulated unless research accompanies it and up to date merchandising methods are adopted. Here is a great opportunity for the insurance industry. It has been lagging in some respects. It needs to streamline its methods and take some lessons from other large, extensive and successful business organizations. Now is the proper time for action.

tive of a company that is a big factor in group insurance and employe retirement plans; John M. Thomas, president of National Union Fire who has a broad and public spirited outlook and who doesn't always go by the book, and William D. Winter, president of Atlantic Mutual, one of the leaders and thinkers in marine insurance, a forward-looking man, progressive in thinking.

That is a committee of high potential and its formation should give the insurance business a great deal of satisfaction. It can be said that a real start has been made in the direction of post war planning.

Paul Hardesty, manager of the insurance department of the U. S. Chamber, has solicited insurance executives to convey to the committee any suggestions or recommendations that they might have. That, we are certain, is a

real invitation. Here is an opportunity for the gathering together of the best thought of the insurance business for a program for the future.

Probably the first chore of the insurance committee will be to appraise the problems that are involved. That may indeed prove to be the most difficult part of the assignment and hence we believe the committee would welcome suggestions as to problems and questions that they should consider.

The mere fact that this leadership has been provided and this group constituted should induce insurance executives throughout the country to concentrate on the question of post war planning, to clarify their views and communicate their opinions to the chamber's committee. The insurance business should feel greatly heartened that this intelligent and progressive step has been taken.

## PERSONAL SIDE OF THE BUSINESS

**Paul F. Jones**, director of insurance of Illinois, was one of the party accompanying Governor Dwight H. Green of that state on his vacation to the Pacific Coast.

**Howard A. Reynolds**, manager of Home in San Francisco and most loyal grand gander of the Blue Goose, is confined to his home by illness.

**Philip J. Fay** of the brokerage firm of Nichols & Fay, San Francisco, long active in the U. S. Chamber of Commerce, has again been appointed chairman of its committee on national defense. He has held that post since 1933.

**R. G. Osgood** of Chicago, manager of the service department of the North America group, who goes to the home office as secretary of the fire department, has rented a house at Haverford, one of the Philadelphia suburbs. **V. L. Montgomery**, manager of the Cincinnati service department, who succeeds Mr. Osgood, will reside in Winnetka, Ill.

**D. J. O'Keeffe**, former local agent at Fort Wayne, Ind., who later was in the insurance business at Dallas and Poplar Bluff, Mo., is stopping at LaGrange, Ill., a suburb of Chicago, visiting his sister.

**Clark O. Wood**, reserve special agent of Home, who underwent an operation recently in Mt. Carmel Hospital in Columbus, has been removed to his home, 1458 Highland avenue. He is improving. Mr. Wood is an old-time field man, having been with Home more than 47 years. He is unsurpassed in the Ohio field on underwriting and inspection work, his friends declare.

**Thomas G. Wilds**, 58, for many years in the field in Kentucky for Hartford, is in a Louisville hospital with a shattered leg, broken between the hip and knee, as a result of falling out of a second floor window at his home.

## DEATHS

**Paul H. Taylor**, New Haven, Conn., local agent, died. He was active in the National Association of Insurance

Agents and attended the meeting in Chicago a year ago.

**Mr. Taylor** had been general agent of Aetna Casualty for more than 25 years. He had served as secretary of the Connecticut association and was secretary-treasurer of the advisory board of the New England Association of Insurance Agents at the time of his death.

**Mrs. Harry M. Giles**, whose husband was president of Millers National until his death in 1939, died suddenly at her home in Lake Forest, Ill. Funeral services were held in Lake Forest and burial was in Minneapolis Monday. Lieut. John O. Giles, U.S.N.R., her son, in civilian life is assistant treasurer of Millers National. He is serving at Navy Pier in Chicago.

**Walker C. Cottrell**, 65, clerk of the circuit court in Richmond, Va., formerly engaged in the local agency business in that city with his brother, R. Stuart Cottrell, died there. His brother is still operating the agency.

**Archie W. Campbell**, 79, with United Mutual Fire, formerly United Druggists, since its organization in 1908, as secretary until 1929 and since then vice-president and a director, died at his summer home in Dennisport, Mass. He originated a special plan for providing fire protection for Rexall druggists which was adopted by President Louis K. Liggett of United Mutual Fire.

A son, Donald W. Campbell, is treasurer of State Mutual Life.

**Mrs. Veve B. Sondheim**, publisher of "Northwest Insurance News" of Portland, Ore., died there. She was the widow of Louis Sondheim, founder of the publication, who died in 1939. Since then Mrs. Sondheim had had charge, with Roy R. Terry as managing editor. Terry now is an ensign in the navy and Edward A. MacLean is acting editor. No announcement has been made as to future ownership of the paper.

**E. L. Doran** of the Doran-Philips Agency, Yakima, Wash., died there. Phillip Philips, with whom Mr. Doran was associated, is a lieutenant in the army, now in Africa. The business of



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"— MRS. VANDER STEEN STOLE MY MAID.  
DOES OUR RESIDENCE BURGLARY AND  
THEFT POLICY COVER THAT?"

the agency has been taken over by the C. Roy King agency.

**W. J. Highfield**, 59, a partner in the insurance firm of Highfield & Watkins, Wilmington, Del., died from a heart attack. He formerly was vice-president and general manager of the Philadelphia General Insurance Agency in Philadelphia. He was active in politics and in Shrine affairs.

**W. Baldwin Respass**, 58, veteran insurance man of Lexington, Ky., died there following a heart attack. He had been suffering from heart trouble for some time. Mr. Respass at one time owned a local agency in Lexington, was later state agent of Niagara, and then established a general agency, which represented a number of fire companies.

**Percy Putman** who died recently at Palm Beach, Fla., at the age of 70, was one of the prominent older generation field men of the south. He started in 1890 with Phenix of Brooklyn in the southern department and after occupying several desks in the office entered the field in Georgia and North Carolina. In 1907 he went with Georgia Home and later served in many capacities including manager of Blue Ridge Fire of Blue Ridge, Ga., special agent for Home in Alabama, special agent for Standard Fire of Hartford, state agent for Dargan & Turner. Since 1923 he has been state agent of Automobile in Florida.

His daughter, Mrs. John Wright Carswell, is wife of the manager of John W. Carswell Company, Savannah, Ga. On the occasion of his 67th birthday and his 50th anniversary in the busi-

ness, he was honored at a testimonial luncheon of the Florida Blue Goose.

**Mrs. R. L. Clark**, wife of the northern Illinois special agent of American Automobile, died in a Chicago hospital following an emergency operation. The Clarks had been married about seven years.

**William MacVicar**, 64, assistant treasurer of the National Association of Insurance Agents, died of pernicious anemia at Beekman Hospital, New York City, Tuesday. He had been in failing health for the past several months, but was only last week persuaded to enter the hospital for treatment and observation.

Mr. MacVicar was a native of Scotland and came to this country in early childhood. He joined the National association in 1939. Six days later, his wife died and from then on he had lived alone in Newark.

**Bryan Gardner**, local agent of Edmond, Okla., died there.

**W. S. Hartshorne**, local agent of Yale, Okla., is dead. His agency has been sold to the Henry Henson agency of the same city.

**Edward C. Sloan**, 74, Albia, Ia., local agent since 1903, died in an Ottumwa hospital, where he had been a patient since April.

#### Hall & Henshaw Appointments

NEW YORK—J. B. Soule has been appointed special agent in the suburban field and E. W. McAndrews special representative in the city soliciting department by the Hall & Henshaw

## Convention Dates

Aug. 20, Oregon agents, Portland, Multnomah hotel.

Aug. 23-25, Insurance Section American Bar Association, Chicago, Medinah Club.

Aug. 23-25, International Federation of Commercial Travelers Insurance Organizations, Bigwin Inn, Lake of Bays, Huntsville, Ont.

Aug. 27, Washington agents, Seattle, Olympic hotel.

Aug. 30, Utah local agents, Salt Lake City, Hotel Utah.

Sept. 2-3, Minnesota agents, Minneapolis, Nicollet hotel.

Sept. 13-14, International Claim Association, Chicago, Edgewater Beach Hotel.

Sept. 17-19, National Association Independent Adjusters, Chicago, Edgewater Beach Hotel.

Sept. 20-22, Montana local agents, Butte, Finlen Hotel.

Sept. 21-22, Insurance Advertising Conference, New York, Hotel Roosevelt.

Sept. 24, New Jersey agents annual meeting, Trenton, Stacey Trent Hotel.

Oct. 28, Kansas agents annual meeting, Topeka, Jayhawk Hotel.

Oct. 7-8, Insurance Accountants Association, New York City, Hotel New Yorker.

Oct. 4-6, National Association of Mutual Insurance Agents, New York City, Hotel New Yorker.

Oct. 10-11 Pennsylvania Agents, Pittsburgh, William Penn Hotel.

Oct. 10-12, National Association of Insurance Agents, Pittsburgh, William Penn Hotel.

Oct. 29, Iowa Association of Insurance Agents, Des Moines, Hotel Fort Des Moines.

Oct. 26-27, Massachusetts agents, Springfield, Hotel Kimball.

Oct. 25-26, Ohio local agents, Columbus, Neil House.

Nov. 15-17, California Association of Insurance Agents, San Francisco, Whitcomb Hotel.

Dec. 5-6—National Association of Insurance Commissioners, midyear meeting, New York City, Pennsylvania Hotel.

Jan. 11-12, National Association of Accident & Health Underwriters, winter meeting, Des Moines, Hotel Fort Des Moines.

agency, which has operated successfully for 50 years.

Mr. Soule has had a long experience with an engineering, production and underwriting background, the past 17 years with North British & Mercantile group, most recently as special agent in the suburban field. He will assume charge of suburban operations and succeeds Edward Giles, now in the army.

Mr. McAndrews has had a broad experience with Merchants Fire of N. Y. for 17 years, and as special representative the past four years. He has had opportunity to visit many agents in various sections of the country and has engaged in brokerage, underwriting and production work. He succeeds C. J. Herrschaft, now a chief petty officer in the navy.

#### F. A. Doyle Goes to Car & General

F. A. Doyle, formerly a secretary of Fidelity & Guaranty Fire, has been appointed Baltimore branch manager by Car & General, succeeding Emil Levitch, who entered the army. Mr. Doyle entered the business with the Maury Donnelly, Williams and Parr agency in Baltimore, joining Fidelity & Guaranty Fire in 1929.

#### Strachan to Ross Underwriters

Thomas Strachan, formerly metropolitan underwriter for Aetna Fire, becomes office manager and underwriter with Ross Underwriters, New York City, succeeding to the duties of J. P. Gaynor, secretary, who is entering the armed forces.

#### Advanced by Weed & Kennedy

NEW YORK—J. Howard Weisel has been elected vice-president and director of Weed & Kennedy agency. He headed his own agency before joining Weed & Kennedy six years ago. He entered the business in 1919 with W. H. Fleisch & Co.

## New Sources of Claims Due to War Rationing

A number of claims have come from automobile owners due to the fact that their cars have been stolen, taken away to some secluded spot and the gasoline siphoned out. In the process, however, the car may have been damaged in some way or other and complaint is made under the theft provision. Gasoline is not covered because it is not part of the automobile. In other instances thieves looking into a car see provisions and different kinds of packages and break in to get them. With the rationing of food stuffs there is a far greater number of thefts and it has become quite the thing to watch parked cars and get into them. In some instances the cars are badly damaged in the effort to get to the packages.

Stanley R. Smith, 52, president of the W. T. Ritch agency, New York City, since 1924, died from an injury sustained at his home in New Milford, Conn. Mr. Smith entered the business with his uncle, W. T. Ritch, at an early age. The agency is borough agent for Aetna Casualty and also has an office at Greenwich, Conn.



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## Bureau Evens Score With Hartford in N. Y. Boiler War

**Makes Its Manual  
Effective on Same Day as  
That of Antagonist**

NEW YORK—Countering the maneuver of Hartford Steam Boiler in making effective in New York a revised rate manual, the National Bureau of Casualty & Surety Underwriters notified the New York department of its intention of using its boiler and machinery manual that was filed in April. Both the bureau and the Hartford's manual were made effective as of Aug. 12. The New York department has not indicated what action it will take, but undoubtedly will wait until Employers Liability, American Employers and Mutual Boiler of Boston are heard from. Mutual Boiler is expected to make a filing within the next few days. Lumbermens Mutual Casualty is following the bureau manual and rates. In the end, however, the filing of the manuals may eventually clarify the atmosphere and result in the adoption of one manual.

Under New York law, the department must give 10 day's notice before calling a hearing, but in no event can a period of less than 70 days elapse before it can order the manuals withdrawn. Where an insurer elects to go ahead regardless of departmental approval, if the superintendent finds the rates or rules excessive, inadequate or unfairly discriminatory he may order the same withdrawn and at the expiration of 60 days thereafter the same shall no longer be deemed to be on file.

### Text of Bureau Letter

In announcing the action of National Bureau, E. E. Robinson, secretary, wrote as follows to Acting Superintendent T. J. Cullen:

"The National Bureau companies have endeavored to cooperate with the insurance department in the maintenance of uniform coverage, rates and rating methods for boiler and machinery insurance. In this as in other casualty lines we have adhered to the practice requested by the department of filing changes in coverage and rates and not making them effective in New York, despite an apparent technical right to do so under the law, until they have been accepted by the department. During recent months the bureau companies have participated in conferences with the department and other companies in an effort to compose differences with respect to changes in coverage, rates and rating methods for boiler and machinery insurance heretofore filed with the department by the two groups of companies. The objective of the conferences was to maintain uniformity and to make effective changes which would be acceptable to the department.

"Now that one of the other companies referred to has made and is using a new filing effective as of Aug. 12, without awaiting the department's decision on the outcome of the conferences, the bureau companies find it necessary to begin using the May 1, 1943, manual of the bureau which is in effect in other states and which was filed with the department last April. Apart from the one point of rate level this manual is in substantial conformity with our understanding of the department's tentative

(CONTINUED ON PAGE 28)

## Move to Eliminate Bonus Overtime from Pay Base

The rates committee of the National Council on Compensation Insurance is being polled on a proposal of the governing committee that effective Oct. 1 so called bonus overtime pay be removed from the payroll base against which workmen's compensation premiums are assessed. The proposal was first made by a governing committee sub committee and then by the entire governing committee. It is taken for granted that the decision of the rates committee will be favorable and that the change will be applied commencing Oct. 1. The removal of the bonus is to continue only during the war.

It is also proposed that accompanying the official notice of bonus removal to each state there be a statement pointing out the propriety of a corresponding adjustment in the rate of premium at the time of the next rate revision. This statement would be intended to pave the way for putting an end at least to further rate decreases.

Employers who keep proper records both as to hours and to money payments would escape paying a premium upon the entire amount of bonus overtime pay. Those employers who keep records as to hours but not as to money payments would under the proposal be given credit in the payroll base for one-third of the entire amount of payment for overtime work. Theoretically employers who keep proper records neither as to hours nor as to money payments would get no credit but as a practical matter some adjustment would probably be made.

Ever since the time that war industry became accelerated and overtime work became so general, employers and prominent brokers have petitioned the insurance interests to remove bonus overtime pay. The majority opinion, however, in the insurance company ranks has been opposed to such a concession. One theory has been that the insurer is entitled to the extra premium because there is a more pronounced accident hazard on employees that are

working overtime and are fatigued.

Then the argument was advanced that the work of the payroll auditors would be complicated at a time when there is a scarcity of auditors. Also, it was contended that in the final analysis the employer's cost would be equalized because the use of inflated payrolls as a base would bring about a decrease in the rate of premium at the time of rate revisions. Moreover, the companies at the outset were apprehensive lest the accident frequency reach alarming proportions, due to the employment of green help and older persons.

Although there have been a great many accidents due to inexperience and age, the compensation losses so far have not by any means gotten out of hand, and the increases in hourly wage plus the great amount of overtime, produced an abundant revenue.

Some insurance observers have become concerned because of the probable post war consequences should the trend toward rate decreases not be halted. Were extremely low rates to be continued after the war based upon enormously deflated payroll and with malingering losses becoming a factor, then the woes of the compensation business might well be more pronounced than they were during the early 1930s.

The Kentucky workmen's compensation board last May promulgated a ruling that 75% of overtime pay must be exempted when calculating premiums. A proposal to eliminate overtime wages is to be considered by the Texas casualty commissioner at a public hearing Aug. 19.

Just how much extra work will be involved for auditors remains to be seen. With a well managed concern that keeps proper records and which the insurer has learned to trust over a period of years, the information as to bonus overtime can probably be picked up in five minutes, but otherwise the auditor may be compelled to dig into all the ledgers and trace entries back and forth.

## WPB Reported Considering Fee Renegotiations

WASHINGTON—It is understood that the question of possible renegotiation of certain insurance contracts with the government has received attention of procurement policy officials of War Production Board and the General Government Price Adjustment Board on which various government departments and war agencies are represented. Officials have been in correspondence with insurance interests in various parts of the country regarding the matter.

WPB officials hold that this summer's extension of the renegotiation law covers anybody who receives more than \$100,000 in fees in connection with negotiating war contracts, prime or sub. This is interpreted by some as including insurance brokers who make that much commission.

### War Department Renegotiation

It is reported that consideration is being given to possible renegotiation of War Department insurance contracts. This may involve adjustment of insurance advisers agreements under which fees until last September were based on 90% of the standard premium developed but were later revised to 50% of such premium.

A War Department policy regarding renegotiation of insurance contracts would come out of the insurance divi-

## Corby to Organize A. & H. Business for Home Indemnity

Home Indemnity announces that Frederick T. Corby is leaving Chicago to join the company at the home office in New York for the purpose of organizing a personal accident department.

Since his graduation from Hamilton College in 1930, Mr. Corby has been continuously engaged in the personal accident field. He has been manager of the personal accident department of Conkling, Price & Webb, Chicago. He is second vice-president of the Chicago Accident & Health Association.

sion headed by Lieut. Col. Reese F. Hill, it is believed. There is no information available there. Such policy would go through the army service forces headquarters, it is said, to the quartermaster, ordnance, engineering and other army branches.

Information from reliable sources indicates that such branches will not initiate insurance contract renegotiation.

### E. W. Morse Resigns

E. W. Morse, Chicago manager Manufacturers Casualty, has resigned. He joined Manufacturers in January, 1942, under its previous management. He will announce his future plans at an early date.

## Countrywide Farm Liability Program Is Announced

**National Bureau  
Devises Special, Low  
Cost Set of Covers**

A new program for the writing of employers liability insurance, including medical payments, to cover the employees of farms and applying on a nationwide basis is announced by the National Bureau of Casualty & Surety Underwriters effective immediately. This program was made available recently for New York state.

The National Bureau also announces important changes broadening and clarifying owners', landlords' and tenants' and product liability insurance for farms; the introduction of premises medical payments coverage for farms; and broadening of the basic coverage for owners', landlords' and tenants' and manufacturers' and contractors' liability insurance to include coverage for any premises alienated by the insured, including elevators and escalators located thereon, in connection with premises classifications.

### Rates and Minimum Lower

The rating method and underwriting procedure for employers liability insurance, including medical payments, for farm employees applies on the same general basis as for workmen's compensation insurance, but at reduced rates and minimum premiums. It is available for all farms, but only in combination with owners', landlords' and tenants' liability insurance.

The rates for this insurance provide for the usual indemnity limits of \$5,000 per employee and, subject to that limit, \$10,000 per accident, and in addition either \$250 or \$500 medical payments insurance. Two classifications are provided: one for all farm employees other than servants, clerical office employees and salesmen, rated on a payroll basis, and the other for servants, rated on a per capita basis. The rates and minimum premiums vary by state and medical limit afforded. The minimum premiums apply for one year or less and are not subject to short rate adjustment. Policies may be written for a period of three years, but at no discount in rates. Some observers believe that the sales are so attractively low that the farmer should buy a three-year policy to guard against a future rate increase.

The insurance applies to injuries sustained in the course of farm work, including transportation incident to such employment. Coverage is included for structural alterations, new construction and demolition operations performed by farm employees, at the manual rates and minimum premiums.

### Exclusions Are Simple

The exclusions are simple and reduced to a minimum. Coverage is excluded for (1) liability assumed by the insured under any contract or agreement, (2) liability under any workmen's compensation law, and (3) injury to any employee while engaged in the operation or maintenance of aircraft.

The coverage under the farms classifications relates to the maintenance, ownership or use of farm premises and all operations necessary or incidental thereto. This definition is interpreted

(CONTINUED ON PAGE 28)

## Outlines Changes in W. Va. A. & H. Law Now in Effect

### Justice Says Some Insurers Are Giving Benefits Beyond Those Required

In addressing the annual meeting of the West Virginia Association of Insurance Agents at Fairmont, Deputy Commissioner Harlan Justice analyzed the two new amendments to the standard provisions health and accident insurance statutes insofar as hospitalization and surgical expense insurance policies are concerned. No hospital or surgical expense policy may be issued in West Virginia on and after Oct. 1, 1943, he observed, unless such policy contains an amendment to standard provision 4 providing 60 days within which to report notice of claim to the company; any such policy written on a monthly premium payment plan is required to be written with a 10-day grace period; no such policy may be issued on and after Oct. 1, containing standard provision 17 (pro-rate clause) or any language or restriction which would require a pro-ration of the claim in the event of other insurance covering the same loss.

Those provisions apply alike to individual policies; family policies and group insurance.

#### Group Accident & Health

Senate Bill 142 provides an entirely new basis for group health and accident insurance. The old law provided that no group policy could be sold in the state except where an employer-employee relationship exists. Under the new law, a group hospitalization policy may be issued to an association of any kind, including a lodge, ladies aid society, labor union or any other organization which is not organized primarily for the purpose of buying insurance.

These new statutes also require companies to file all health and accident policies and hospitalization and surgical expense policies for approval with the commissioner on or before Oct. 1. It also provides that no policy heretofore approved by the department and now in use may be sold in the state after Oct. 1 until such form has been resubmitted and reapproved by the commissioner.

The changes in the statute were agreed upon between the department and the various company organizations and the bills drafted and approved by them before introduction. The department has been actively sponsoring improvements in this type of insurance for several years, due to the tremendous public demand for more liberalized hospitalization contracts, as evidenced by the great number of inquiries coming into the department over a period of two or three years, Mr. Justice declared.

#### Requests Voluntary Action

In addition, as soon as the bills were prepared the department made a request to a number of companies, which were carefully selected, to offer even a more liberal policy than the law requires. There has been a generous response to this request and companies are now filing forms which contain, in addition to the statutory required provisions, further liberalized features for the benefit of the policyholders.

"The casualty companies have not awakened fully to the tremendous public demand for this type of insurance," the speaker asserted, "and have not taken a very active part in the program. The life companies, who write health and accident insurance, and the health and accident specialty companies have cooperated with us 100%. The pre-

## Diversity of Lines Now Being Sought

### Danger of Becoming Top Heavy on Compensation Is Seen

Companies writing a considerable volume of workmen's compensation business are going over their figures very carefully, noting the concerns that are insured, endeavoring to forecast what might happen to them when the war ends and making a survey of what may confront a company when there is a sharp drop in payroll. Just at present workmen's compensation insurance is desirable. The large war and defense industries are expensive to handle but the bigger companies have splendid medical, safety and claim machinery and can absorb the business without any undue strain.

There may be a sharp reaction in workmen's compensation insurance when the war ends. Readjustment will mean much dislocation and shifting. Payroll audits for the most part will bring no additional premium. The whole picture will seem different.

The danger comes where companies have become lopsided, so to speak, in piling up too great an amount of compensation business. The well administered institutions therefore are taking note of this and endeavoring to get a greater diversity of coverages. They will gradually cut down on compensation and build up other lines. This situation is considered one that needs careful thought and study.

#### E. H. O'Connor in Bridgeport

In a talk upholding "individual initiative" and "free enterprise," E. H. O'Connor, executive director Insurance Economics Society, in an address before the Bridgeport (Conn.) Rotary Club said that if government compulsory insurance is a good thing for the American people, no one business or industry can or should stand in the way of the welfare of the whole people but expressed the belief that such a program as proposed by the Wagner bill will have a disastrous effect on the nation's economic future which is of the utmost importance to every man, woman and child in this country.

mium volume on health and accident insurance in this state is mounting rapidly, the increase last year being \$1,000,000, which is a large increase for such a small state, and the reports we are now receiving from agents throughout the state indicate that sales of hospitalization policies are going forward by leaps and bounds."

## Amateurs at Work Are Being Injured

Travelers in studying its accident claims finds a material increase due to amateurs doing work that heretofore has been handled by experienced people. People in a household are endeavoring to take care of odd jobs because it is impossible often to procure expert help. The company says, for example, one policyholder, unable to find an electrician to do the job, was up in his attic installing a ventilating fan. He had cut a hole through the side of the house for the fan to fit in and was wrestling with the device in an effort to get it in place when, somehow or other, he slipped—and he, not the fan, went through the hole. The company paid him almost \$1,000 for injuries he sustained in his fall.

Another policyholder, who happens to be a lawyer, was washing windows with a garden hose. He slipped and fell. After some days in a hospital, his shoul-

## Automobile Line Is Holding Up Well According to J. J. Hart

John J. Hart, assistant secretary of Travelers, states in "Protection" that the automobile line held up well the first six months. The condition didn't look that way at the opening of the year. The situation, he says, is better than the company dared to hope for. There has been some drop in the number of risks on the books but not as large percentage-wise as the decrease in number of registrations. There has been a drop in premium volume but not as great as the reduction in rates. To quite an extent agents have offset the business they lost through cars being put up or sold, by new policies written on farmers, war workers and other previously uninsured automobile owners.

Many agents have increased the limits, adding medical payments or collision on existing risks. The average premium on single car risks is much greater than was anticipated. This is due to increased limits and the selling of increased premiums.

## Mich. Responsibility Law Hearing to Go Ahead

LANSING, MICH.—Maurice Moule, assistant attorney-general, who has been assigned to handle the defense of the 1943 financial responsibility act, under attack in a Detroit court, will oppose any further delay in the hearing set for this week.

It had been thought that the death Sunday of James F. Shepherd, deputy attorney-general, who had supervised preparation of the state's case and preparation of a motion to dismiss an injunction petition, might result in a second postponement of the hearing, but Mr. Moule said he would be ready to argue the case.

A temporary restraining order now is in effect preventing the state from enforcing the new law, although its effective date was July 30.

## Accident Frequency Increases

NEWARK — The Newark Safety Council reports the accident frequency rate in industrial plants in and around Newark the past six months rose almost two-thirds over the rate in the same period last year. Employment of older men and women transferring from non-essential industries to war plants was cited as the principal cause of the increase.

However, most of the accidents are of a minor nature and the number of man-hours lost through accidents actually has been less than for the same period of last year.

der mended sufficiently to allow him to go home.

A maid in the household of another policyholder left to take a war job. The lady of the house was hurrying to answer the doorbell one day when she fell over a cocktail table and struck her head on the piano bench. More than \$500 was paid her.

A business executive lost his balance and fell while repairing the roof of his garage. Two ribs and his left arm were the worse for his tumble.

The old saw, "The bigger they come, the harder they fall," might be applied to the plight of another business executive, president and general manager of a corporation, who was standing on a stepladder sweeping cobwebs from the ceiling. The stepladder slipped. He fell and sustained fractured bones in both feet. He cost his insurance company nearly \$2,000.

## Responsibility of Agent Heavy in New 'Comp' Program

### Must Select Right Plan for Assured—Mistake May Be Fatal

Insurance agents and brokers that do a sizable compensation business are engaged in a close analysis of the new workmen's compensation plan that has been approved by the National Council on Compensation Insurance and that has already received official approval in Vermont, Michigan, Arkansas and Florida.

The brokers feel that they have a serious obligation to recommend to each assured the one of the four optional plans that is likely to be the most advantageous to that assured. Not only is there an obligation as insurance counsellor to recommend the most promising arrangement but there is the fear of incurring displeasure of the customer if the particular plan that is recommended produces a higher cost than one of the other plans would have produced.

In order to take as much guess work as possible out of the job, at least one important brokerage house is getting up elaborate charts showing what the cost will be with various sized risks under each of the four rating plans and also the effect of various loss ratios.

The brokers feel that they must make a much more profound study of each risk under the new plan than they have ever made before. Loss ratios for several years back should be analyzed and an attempt be made to ascertain trends.

The broker or agent must be an insurance adviser in the true sense of the term when making recommendations in connection with this new program.

Agents that have only a limited number of sizable compensation accounts perhaps should be even more conscientious than the big brokers and should master the details of the program and get an understanding of what the cost is likely to be under different sets of circumstances. An agent for instance that relies to a very large extent upon a single account or two or three large accounts must do everything in his power to minimize the possibility of making a mistake or appearing unfamiliar with the program because he will find himself in competition with the big offices that will speak with assurance and that will before long develop enough experience to be able to give the right answer instinctively.

#### Insuring the Excess

The problem of the broker is complicated by the necessity of giving consideration to the desirability of purchasing from London Lloyds insurance of the excess retrospective premium. For instance, the broker must determine whether it is advisable to recommend the retrospective rating plan where under the maximum premium is the standard premium, or to recommend one of the two retrospective plans where under the maximum exceeds the standard, and to purchase Lloyds insurance for the difference between standard and maximum.

In reaching a decision on that point, the broker must find out the cost of Lloyds cover. First when retrospective rating was introduced, Lloyds issued a number of binding contracts to representatives in this country and the business was issued freely and rates as low

(CONTINUED ON PAGE 22)



## Canceled War Dept. Contracts Will Be Settled Promptly

### Announced Policy Interests Bonding Men, Though Mainly in Indirect Effects

NEW YORK—Surety men are interested in the War Department's recently announced policy on cancellation of contracts, which will protect contractors from loss and will reimburse them promptly, thereby averting the long drawn out negotiations that followed the last war. The effect on surety companies, however, is much diminished by the fact that new construction has about stopped, while most of the bonds covering supplies have now expired, since it has been more than a year since bonds were written on supplies.

Surety men are more interested in the government's cancellation policy in the light of its effect on the financial status of contractors who will be switching over from war work to civilian production. If the government pursues a policy of settling up its war contracts promptly, putting the contractors in unquestionably solvent position, the risk involved in bonding these contractors will be considerably reduced. Not only will these contractors be better risks but by having adequate resources and not having to wait for their money from the government they will be in a position to expand and furnish a much larger market for contract bonds than would otherwise be the case.

### Would Clear Up Status

Another advantage to the surety companies resulting from prompt settlement by the government of its war contracts is in averting the uncertain status of contractors arising from disputes as to how much money the government owes. For example, a contractor might contend that there was \$600,000 coming to him, whereas the government's estimate was only \$300,000. It might make an important difference in the contractor's standing as a surety risk, yet it would be difficult for the surety company to tell whether the government was right or the contractor was right until the case had finally been settled.

One way in which the government's cancellation policy would affect the surety companies is that if the government failed to settle its war contracts promptly the contractor might be so short of money that he would be forced to default on some of his civilian contracts on which he was bonded.

While there is still some considerable construction going on under federal public housing contracts it is generally believed that even if the war were to end shortly these jobs would be carried on to completion and that the government would then endeavor to sell them or find some use for them.

### Woolen Men Advised

The War Department's policy on cancellations was disclosed by Maj. Gen. C. L. Corbin, director of procurement office of the quartermaster general, at a meeting with the woolen and worsted manufacturers advisory committee of War Production Board in the course of announcing that procurement of blanket wool and woolen fabric wool for army use would be substantially reduced during the next year.

General Corbin said that in the event that contracts are cancelled either partially or entirely, the War Department's

## Travelers Advances Two in Home Office

### DeWitt Claim Secretary, Klein Assistant Secretary of Indemnity

HARTFORD—J. Doyle DeWitt has been appointed secretary of all claim departments of the Travelers companies. He succeeds Howard E. Critchfield, who was appointed to the position a decade ago and retained it temporarily after his appointment as vice-president in charge of the accident and group departments following the death of the late Bertrand A. Page. Mr. Critchfield will from now on give his entire time to the administration of the accident and group business.

Lester A. Klein is appointed assistant secretary of Travelers Indemnity to succeed Frank P. Hayden, who retired Aug. 1 after 37 years with Travelers.

### De Witt Long in Service

Mr. DeWitt was born in Sully, Ia., and is a graduate of Drake University. He served in the navy during the last war and joined Travelers as an investigator in the claim department at Des Moines in 1925. He was transferred to the life, accident and group claim department at the home office in 1927. He was appointed an examiner in 1929 and assistant manager of that department in 1933. In 1937 he went to New York as supervising adjuster in charge of all life, accident and group claims in the metropolitan area, returning to the home office as assistant manager of the department in 1939. In his new work he will be secretary of the casualty and fire claim departments as well as the life, accident and group.

Mr. DeWitt has been active in organizations of insurance claim men, serving the Eastern Life Claim Conference as president in 1939-40, and is now chairman of the executive committee of the International Claim Association.

### Mr. Klein's Career

Mr. Klein, the new assistant secretary of Travelers Indemnity, has been assistant secretary of the compensation and liability department for 3½ years. He went with Travelers in 1912 and served not only in the home office but in the New York City underwriting department and the Hartford branch office before going into the former world war as a lieutenant. From 1923 to 1928 he was in the Pacific Coast underwriting department in San Francisco and then for a year in the Los Angeles branch office. He returned to the home office in 1930 and was appointed assistant chief underwriter in 1934, chief underwriter in 1935 and assistant secretary in 1940.

policy would be to provide prompt payments to the contractor for any loss. This policy would apply to subcontractors as well as prime contractors. It is contemplated that subcontractors will file claims of loss with the prime contractor and that the army will negotiate direct with the prime contractor just as it did in placing the contract in the first place.

Not only the War Department but other branches of the government have been endeavoring to work out a uniform policy with regard to contract cancellations and it is believed that General Corbin's announcement may be indicative of the attitude that will be taken by other government departments.

### Kemper Ceremonies on Coast

Governor Green of Illinois and Governor Warren of California were guests at the Town House in Los Angeles at a dinner, incidental to the opening of the new quarters for the Kemper companies at 2969 Wilshire boulevard.

Governor Green was accompanied by Insurance Director Jones of Illinois.

## Effect of Gasoline Rationing on Auto Travel is Shown

For every 100 motor vehicles counted on the roads in the east in June, 1941, there were only 40 in June, 1943, according to the public roads administration of the Federal Works Agency. For the middle west and west, in the same months, the drop was from 100 to 57. Comparable figures in June, 1942, were 66 for the east and 76 for the remainder of the country.

The figures are based on the records of 559 automatic traffic recorders located on rural roads in 43 states. In relation to the corresponding month in 1941, traffic volume in the east was lower in June than in any other month since rationing began.

### 24% Decline Before Rationing

Before rationing, traffic in the western area declined 24% in June, 1942, compared with June, 1941. The further decline in the west in June, 1943, took place with gasoline coupons valued at about a third more than in the east a year earlier.

The check showed a good many more buses and trucks than pleasure vehicles, 98 to 40 in one check, 95 to 77 in another, 134 to 16, 43 to 37, and 135 to 85. Motor fuel tax collections in 25 states were down 36% in June, compared with June, 1941. The decline in the east was 44%, in the west 32%. The decreases for the first six months, compared with the same period of 1941, were 31% for 25 states, 38% for the east and 27% in the west.

Strict observance of the national 35-mile speed limit offers the greatest promise of keeping the country's cars rolling for another year, the public roads administration states. It now is printing a pamphlet that gives results of a four year investigation of passenger car tire wear and tire failure. Tires wear out as much as four times as fast at 65 miles an hour as at 35 miles an hour and speed is the most important factor determining the rate of tire wear, the study reveals.

## Financial Responsibility Favored by Va. Commission

RICHMOND—The legislative commission created by the 1942 legislature to study the motor vehicle liability insurance question at a meeting here appointed a subcommittee to draft a financial responsibility bill. Senator Ralph H. Daughton, commission chairman, said the commission now is inclined to favor a strong financial responsibility law rather than compulsory insurance.

A subcommittee already has studied the compulsory insurance angle and drafted a possible bill. The new subcommittee will report back to the full commission here Sept. 20 and the full group then will consider final action on its recommendations for the 1944 legislature.

J. Dewey Dorsett, assistant general manager of the Association of Casualty & Surety Executives, appeared before the commission and discussed financial responsibility legislation.

### N. Y. Appointments Delayed

NEW YORK—Probably no appointments to fill the State Insurance Fund vacancies of executive director and actuary will be made until the first of the year. The investigation by the Moreland act commissioner into workmen's compensation practices in the state may have a bearing on the appointments. The position of executive director has been vacant since the death of Col. N. W. Muller and that of actuary since the resignation of Grady H. Hipp to become executive vice-president of Liberty Life of South Carolina.

## U. S. Chamber Solicits Post-War Planning Ideas

### Insurance Executives Are Exhorted to Convey Suggestions and Thoughts

Paul Hardesty, manager of the insurance department of the U. S. Chamber of Commerce, in a formal bulletin, solicits insurance executives to convey to him any suggestions and recommendations they may have on the subject of post-war planning and also to give him their comments on certain sections of the post-war program adopted by the international executive board of the United Automobile, Aircraft & Agricultural Implement Workers of America (CIO) in Detroit in July.

Mr. Hardesty recalled that the chamber's insurance department committee at its meeting July 16 provided for a subcommittee to consider recommendations for the future operations of insurance in the United States and in foreign fields such as South America. The members of that subcommittee are John A. Diemand, president of North America; H. V. Smith, president of Home of New York; John M. Thomas, president National Union Fire; Frazar B. Wilde, president Connecticut General Life, and William D. Winter, president Atlantic Mutual.

### Comprehensive Planning

Each field of business, Mr. Hardesty states, through its chamber committees and other committees is being encouraged and supported in its own work of post war planning. President Eric A. Johnston of the chamber has emphasized the immediate desirability and necessity of comprehensive planning work on the part of all industries so that each industry may have the cooperation of all others. So far as insurance is concerned, all other industries, as policyholders, are vitally interested in its future operations and its preservation as an institution of private enterprise.

The section in the post-war program of the U.A.W., to which Mr. Hardesty alluded is entitled "Planning for the health, education and security of the American people." It provides:

1. An expanded nation-wide public health program to eradicate disease and malnutrition.

### Education to Every Child

2. A guarantee of an education to every child and youth in America whether he or she lives in the city or country to the fullest extent of the individual's abilities, not limited by financial capacity, and without regard to race, color or creed.

(a) Federal scholarships for university or special training for qualified students with full living costs.

(b) Guarantee of job or work in line with the course of study undertaken and successfully completed.

3. The creation of the position in the cabinet of secretary of education and health.

4. A federal social security program to provide adequate protection, from cradle to grave, for every person in America. A complete social security program has already been adopted by the UAW-CIO which provides:

(1) A lump sum to the mother upon the birth of a child.

(2) Weekly benefits during temporary disability.

(3) Weekly benefits during permanent disability.

(CONTINUED ON PAGE 28)

## Georgia Agents Eye Reduced Income

### Have Not Succeeded In Getting Readjustment in Compensation Rates

ATLANTA—Following a report on the organization of the Southeastern Agents Conference by Herman Haas, acting chairman, H. C. Arnall of Newnan was elected as the Georgia representative-at-large. The executive committee unanimously approved the constitution, a step which must be taken by each state before the new organization becomes a going concern.

The committee accepted the resignation of Joe Barrett of Dalton as first vice-president. James Berry of Augusta was moved up from second vice-president, James C. Dunlap of Atlanta from treasurer to second vice-president and Arthur Griffith of Macon was elected treasurer.

### Reduced Agency Income

The problem of reduced agency income as a result of the already effected rate reduction on dwelling policies was discussed. Because of the rumored possibility that a similar action on mercantile rates is in the offing, a committee consisting of J. C. Dunlap and H. C. Arnall was named to consider methods of bringing the seriousness of the problem to the attention of company officials. It was pointed out during the discussion that while the effect probably varied from agency to agency, the dwelling reduction, because of the necessity of refunds had put a severe strain on the financial resources of some agencies whose volume was largely dwelling.

### Discusses Optional Plans

Mr. Arnall discussed the four optional plans embraced in the new workman's compensation program. The consensus of opinion in the committee was that it was only through such a plan that it would be possible for stock company agents to compete. The Georgia Industrial Commission has already been demanding a reduction in compensation rates.

### Did Not Get Reduction

Efforts of a committee of the Georgia association to secure an immediate adjustment of the controversy over workman's compensation rates did not accomplish anything at their first session on August 1 with the Georgia Industrial Commission.

The Industrial Commission, which recently protested the existing rate structure, evinced little interest in the proposed retrospective rating plans which the committee offered as a basis for adjusting the matter. At the same time it was not at all certain that the retrospective plan could be used since the attorney general had not yet ruled on whether or not such a method would meet Georgia legal requirements.

## Responsibility of Agent Heavy

(CONTINUED FROM PAGE 20)

as 8% were given. However, Lloyds took some bad punishment in connection with these covers because many of the stock companies were willing to write retrospective business at a much lower rate than they would charge if the standard rating plan were used. In other words, Lloyds was not only cutting its rate but was following the direct compensation insurer in a rate cut. After getting burned, Lloyds canceled all of its binding contracts and insisted that each case be submitted along with five years experience. The minimum

rate was boosted to 14%, and much of the business was written at a higher rate, even as high as 25%.

Whether the Lloyds contract shall be revised in the light of the new workmen's compensation program is a subject that is understood to be under study right now.

### Complicated Formula Employed

In insuring what might be termed the retrospective premium assessment where the direct insurer is a mutual company, an extremely complicated formula is employed in connection with the Lloyds contract in determining the amount of liability and the basis of the adjustment. It is provided that Lloyds is not guaranteeing to the assured a mutual company dividend, and the contract is written on what is known as a net to net basis. In other words, the assured collects from Lloyds the difference between what he would have paid had the business been written on the standard basis, after receiving the customary 20% dividend, and the premium that he is called upon to pay under the retrospective plan, less the dividend.

In writing under the retrospective plan the mutual companies do not pay an even percentage of dividend. The usual practice is to pay 20% on the minimum premium and a reduced rate, perhaps 10%, on the expense portion of the premium beyond the minimum.

### Insured Glass Loss in Harlem Totals \$320,000

NEW YORK—Not less than 1,600 stores in the Harlem area sustained glass breakage in the Harlem riot, according to J. W. Marden, head of the New York Plate Glass Bureau. Practically all of the insured claims, now numbering 875, have been accounted for, with losses estimated at \$320,000. The claims represent insured. One insured had 18 policies, with losses under 16 of these. By actual count, glass was broken in 1,234 stores on north and south streets.

Companies have been requested to report the amounts of their payments to the claims division of the Association of Casualty & Surety Executives so that an accurate check may be made.

## Byron Sommers Chicago Manager of Manufacturers

Manufacturers Casualty and Manufacturers Fire have appointed Byron Sommers as manager of the Chicago office, supervising Chicago and all Illinois territory. Mr. Sommers succeeds E. W. Morse, resigned.

Under the expansion program planned for the Illinois territory, Mr. Sommers will have increased facilities for serving agents and brokers in all casualty, surety, fire and inland marine lines.

Mr. Sommers joins Manufacturers after 18 years with the Ohio Casualty. He is a native Chicagoan, a graduate of the University of Illinois, and has been manager of Ohio Casualty in Chicago for 10 years. Arthur Benson, vice-president of Manufacturers, went to Chicago Wednesday to install Mr. Sommers and to attend a luncheon at the Chicago office.

W. Stanley Kite, president of Manufacturers, was formerly vice-president of Ohio Casualty with headquarters in Philadelphia.

### To Liquidate Associated Insurance Fund

In a statement to stockholders of Associated Insurance Fund, Inc., President L. H. Mueller said that of the 345,500 shares of the corporation outstanding and entitled to vote as of the record date, July 16, 247,310 shares had been received as of August 5, consenting to the sale of Associated Indemnity and Associated F. & M. to American Automobile and 12,451 shares had been received not consenting to the sale. He further advised that the directors of Associated Insurance Fund voted to direct the executive committee to prepare a plan of liquidation of the entire assets to be submitted to the board. "It is the intent of the board of directors to liquidate the entire assets of the corporation, subject to the approval of the stockholders, as soon as practicable," he said.

## Allied Underwriters of Texas Is Going to Wall

DALLAS—The Texas insurance department moved Tuesday against Allied Underwriters, a multiple line reciprocal, and liquidation will be started immediately. The state has just concluded examination of the organization's books and insolvency is charged. It is headed by E. F. Dardne and F. M. Moulton, attorneys in fact. Its 1942 statement showed assets of \$216,559 and surplus of \$51,730.

### Wichita Boiler Loss Uninsured

An explosion of a converted steam boiler used for water heating in the basement of the main building of Friends University, Wichita, Kan., injured President W. A. Young and an employee who had gone to investigate. Damage estimated at \$20,000 was done to the school library and auditorium when two upper floors crumbled. There was no insurance loss, as the supplemental contract endorsement was not used, nor was there specific boiler insurance, although fair amounts of fire and tornado were carried. Agents had made repeated efforts to interest the school authorities in more complete coverage.

### Wis. Elevator Accidents Increase

MADISON, WIS.—An increase in elevator accidents in Wisconsin industrial plants is reported by the state industrial commission. Average workmen's compensation benefits from this type of casualty now are approximately four times as great as in general injury cases, and the proportion of fatal or permanent disability cases in injuries suffered in elevators has been much higher, the commission reports. The increase in elevator accidents is attributed to the larger number of boys employed as elevator operators in industry. The commission states that "their adventurous and inquisitive natures are not aware of the obvious hazards in connection with the operation of the average elevator."

# PEERLESS Casualty Company

Financial Statement, June 30, 1943

ADMITTED ASSETS		LIABILITIES	
U. S. Govt. Bonds, at amortized values .....	\$1,881,632.09	Reserve for losses and loss adjustment expenses .....	\$ 836,331.58
Other bonds, at amortized values .....	144,827.52	Reserve for unearned premiums .....	575,761.15
Cash in Banks and Office .....	688,303.32	Reserve for taxes .....	148,000.00
Stocks, at market values .....	185,258.75	Contingency Reserve .....	39,546.23
First Mortgage Loans .....	113,372.71	Other Reserves .....	22,733.27
Collateral Loans .....	18,500.00		
Uncollected Premiums (less than ninety days due) ..	67,640.02	<b>Total Liabilities .....</b>	<b>\$1,622,372.23</b>
Accrued Interest .....	10,253.81	Capital .....	\$750,000.00
Other Assets .....	12,584.01	Surplus .....	750,000.00
		<b>SURPLUS TO POLICYHOLDERS .....</b>	<b>\$1,500,000.00</b>
<b>Total Admitted Assets .....</b>	<b>\$3,122,372.23</b>	<b>Total .....</b>	<b>\$3,122,372.23</b>

Securities carried at \$317,251.26 in the above statement are deposited as required by law.

Home Office  
Keene, N. H.

Specializing in casualty reinsurance,  
excess covers, fidelity and surety bonds.

New York Office  
116 John Street



## Two N. Y. Doctors Lose Right to Do Compensation Work

NEW YORK—As a result of the Moreland act investigation of workmen's compensation two New York City doctors whose compensation practice was among the largest in the city, lost their licenses to do this kind of work. The reasons given by the state labor department were fee splitting and other types of misconduct.

Two other doctors, guilty of similar charges but in lesser degree, had their licenses suspended, one suspension being for six months and the other for three. The investigation has thus far resulted in some 1,200 physicians being investigated or scheduled for investigation because of disclosures concerning kickbacks.

### Four Doctors Involved

The four doctors involved are Emanuel Schiffman, Leo S. Sacharoff, whose licenses were revoked; and Dr. Robert H. Feldman and Dr. William Philip Smale, whose licenses were suspended for six and three months, respectively.

According to Deputy State Industrial Commissioner A. H. Goodman, Dr. Schiffman actually ran a medical bureau but did not hold a bureau license issued by the state labor department, which inspects and regulates these bureaus. Dr. Schiffman had three offices, a sizable staff of assistant doctors and nurses and handled 36,000 cases in 1942.

Dr. Schiffman was accused of accepting \$2,000 in kickbacks from x-ray laboratory for referring patients there. He denied this though he admitted having accepted \$400 in gifts from the head of the laboratory.

## President Paces Drive for Broadening of Social Security Act

WASHINGTON—Led by President Roosevelt, administration officials and supporters observed the eighth anniversary of the social security act Saturday last by opening a drive for broad expansion of the law when Congress returns in September.

Urging extension of the act, the President said "that humanitarian law" made a "real beginning toward the abolition of want in this country." While 60,000,000 workers are building security for their old age with their own contributions, said the President, fairness and equity require extension of these benefits to farmers, small business men, and others working for themselves; also inclusion of protection against the economic hazards of ill health.

Senator Wagner of New York, who was active in securing passage of the social security act, called attention to the bill amending and extending it, introduced by himself, Senator Murray of Montana, and Representative Dingell, Michigan. He urged that early hearings be held on the measure so that millions not now covered by the law may become under it.

This bill agrees substantially with details of a program recommended by Federal Security Administrator Paul McNutt, who recently issued a statement apropos of the eighth anniversary of the act.

### David with American Casualty

George David, who has been an underwriter with Massachusetts Bonding for more than a year, handling all lines, is going with Chicago office of American Casualty in the same capacity. He entered the business as an underwriter for Chubb & Son, Chicago office and then

spent a year with American Auto handling fleet business.

### Judge Speaks to Adjusters

LOS ANGELES—Goodwin Knight, Los Angeles county superior court judge, spoke to the Casualty Insurance Adjusters Association of Southern California on the post-war situation.

### New Quarters for Claim Division

The claim department of Continental Casualty, which for several years has been located on the eighth floor of the home office at 910 South Michigan avenue, Chicago, has been moved to the 11th floor into redecorated quarters. W. C. Swisher is in charge of claims.

May Betty Baker, daughter of R. E. Baker, superintendent of the business development of Hartford Accident, Chicago, was married to Dr. Marvin E. Johnson of Sioux City, Ia., a first lieutenant who is interning for a year at Iowa University hospital. The ceremony took place in Park Ridge, Ill. The bride is a graduate of the University of Iowa with a fine arts degree in theater and radio work and the groom also was graduated from that university's medical school.

Illinois National Casualty has moved its Chicago branch office to 632 Uptown Bank building, 4753 Broadway.

## COMPANIES

### Cheese Makers Mutual Now Has Required Surplus

Cheese Makers Mutual Casualty of Madison, Wis., which was affected by the new Wisconsin law requiring mutual companies to maintain a minimum surplus of \$50,000, in a communication to

agents as of Aug. 7 states that surplus now amounts to \$50,000. It lists assets of \$68,224, consisting of cash, \$42,249, collateral notes, \$17,600, war bonds \$7,000, uncollected premiums \$1,375. Loss reserve is \$7,812, premium reserve \$7,508, reinsurance payable \$659 and voluntary reserve \$2,244.

Cheese Makers Mutual states to agents that it is providing a market for substandard automobile casualty business and invites them to submit their applications. "If your man is worthy of driving a car on our highways, we will take the risk at a proper premium," Secretary John Hicks states.

### United Pacific Statement

United Pacific's statement as of June 30 shows assets of \$7,228,683, capital \$600,000 and surplus, \$1,380,676.

It has cash \$1,122,546, bonds (at amortized or investment values) \$2,960,638, stocks \$728,056, premiums in course of collection (not overdue) \$1,571,971.

Reserve for unearned premiums is \$1,703,069, liability and compensation claims and claims expense \$2,576,708, other claims and claims expense \$358,431, contingencies \$50,000, taxes \$271,743.

Mid-States of Chicago has been licensed for automobile business in Oregon.

## CHANGES

### A. D. Blair Executive Special Agent in Bond Field for Continental Casualty

A. D. Blair has been appointed executive special agent of the fidelity and surety departments of Continental Casualty and National Casualty. He will



## A Comprehensive Reinsurance Service

*Casualty and Bonding Lines*

**GENERAL  
REINSURANCE  
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*Fire and Allied Lines*

**NORTH STAR  
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90 JOHN STREET, NEW YORK

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travel throughout the middle and southwestern territories.

Mr. Blair has been in charge of production of the St. Louis office of General Casualty of Seattle for the past two years. In this capacity he has serviced 15 states. Prior to that he served in the bond department at the Seattle home office for two years. Before 1939 he was engaged in personal agency business at Glendale, Cal. He graduated at the University of Nebraska.

#### Woodruff in Independent Field

H. B. Woodruff has become manager of the Scott Wetzel Company, independent adjusters of Salt Lake City. Mr. Woodruff for the past 4½ years has been superintendent of claims for the Employers group in the inter-mountain territory.

Mr. Wetzel is now in service as specialist handling fire prevention engineering for the coast guard in the Seattle area. He is stationed at Bremerton, Wash.

#### Travelers Announces Shifts

Three changes in branch office lines have been announced by Travelers. Andrew K. Miller, Jr., and D. R. Vorce, both assistant managers who were temporarily assigned to the Detroit branch office, have returned to the Des Moines and Columbus, O., branch offices, respectively.

S. J. Stapp, formerly assistant manager, has been released from military service and reassigned to the Seattle branch in the same capacity.

#### Ohio Casualty Appointment

Manager T. P. Cunningham of Ohio Casualty in Chicago has employed Miss Dorothy Roos as assistant bond underwriter. She has been connected with the surety department of the Hartford Accident in Chicago and is a sister of Bernie Roos of the Associated Agencies, and Harold Roos of the accident and health department of Globe Indemnity. Manager Cunningham is now installed in his new office, A-1825 Insurance Exchange, in Chicago. He intends to build up all-around business of the company as it writes all lines.

## WORKMEN'S COMPENSATION

### Special Forum for Claim Attorneys

Clarence W. Heyl, well known attorney and claim man at Peoria, Ill., is chairman of the workmen's compensation and public liability insurance section of the American Bar Association and will preside at the round table next Tuesday at 9:30 a.m. at the Medinah Club in Chicago. He extends an invitation to all claim men in Chicago and all workmen's compensation and public liability attorneys to attend that function. One subject for discussion is "Trend of Decisions in Silicosis Cases" the principal paper being by W. Edwin Moser, St. Louis, the review by William Greene of Chicago. The next subject is "Status of Illegally Employed Minors Under the Various Compensation Acts," the principal speaker being John F. Hynes of Des Moines and the review by E. Dean Alexander of Detroit.

### Okla. Approves 6.6% Rate Cut, Subject to Revision

OKLAHOMA CITY—In order that no assured may be penalized because of the delayed date at which the revisions were submitted, the Oklahoma insurance board approved the filing of 6.6% decrease in compensation insurance rates as submitted by the National Council on Compensation Insurance. This action was taken after much consideration and with the approval and advice of the governor, who had asked that rates be lowered still more.

The new rates were approved retroactive to July 1, for the period from July 1 to Dec. 31, 1943, and without prejudice to the right of the board to consider any further revision which may develop from the investigation of present rate-making methods.

No action has been taken by the board on the rating program, which embraces advance discount plans and three types of alternative retrospective rating plans, pending receipt of additional information and further consideration.

### Two Va. Agents Lose Licenses

RICHMOND — Two Richmond agents, Walter A. Costello and Charles E. Alspaugh, were denied renewals of licenses by the state corporation commission August 13 in a decision adjudging both guilty of fraud in connection with the sale of compensation policies to three sawmill operators.

The maximum penalty—denial of license for a period of two years—was imposed on Costello. Alspaugh's license was suspended for four months.

All three operators said they bought

coverage when they were told that it was necessary under the Virginia statute. They testified that Alspaugh represented himself an agent of the state and that Costello sold them the policies.

### No Minn. Accident Increase

ST. PAUL—War has not increased industrial accidents in Minnesota, even though employment has risen sharply and more plants are operating than ever before in this state. On the other hand, there has been a substantial drop in both compensable accidents and fatalities, A. T. Evans, chief of the division of accident prevention of the Minnesota industrial commission, reports.

In the year ended June 30, Mr. Evans reports 12,873 accidents in which workmen's compensation was payable, including 138 fatalities. The previous year there were 15,576 compensable accidents and 151 fatalities. Employment has jumped from an average of 100 points in 1936 to 142.7 in May of this year.

### New Texas Board Chairman

John W. Laird of Lufkin, Tex., has been appointed chairman of the Texas industrial accident board by Governor Stevenson. He succeeds Otto Studer of Pampa, Tex.

## SURETY

### Currency Exchanges Now Required to File License Bonds; Rates Are Issued

Under the terms of a bill which was passed by the last Illinois legislature and which becomes effective Oct. 1, 1943, currency exchanges are required to secure a license from the state auditor on the operation of each exchange. The licensee is required to file a \$1,000 bond in favor of the state, for the benefit of creditors, for liability incurred on money orders it issues, liability for sums due to any payee of checks, draft or money orders left with the exchange for collection and for penalties which may be imposed under the act.

If at the expiration of one year from issuance of the license the auditor finds that the average amount of liability of the exchange during the year exceeded \$5,000 but was less than \$7,500 the bond shall be in penalty of \$2,000, and for liability of more than \$7,500, \$3,000.

The Towner Rating Bureau has issued rates of \$20 per \$1,000 per year on the penalty of the bond with a minimum



**FOUND... a new list of "live" prospects**

## ABSTRACTORS LIABILITY INSURANCE

A simple error or omission may lay an abstractor wide open to a ruinous law suit.

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Such coverage also has another appeal. It lends added prestige to an individual or firm, as only reputable

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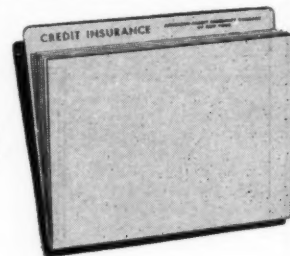
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OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA



premium of \$20 per year. If the exchange deposits collateral with the surety the premium is reduced 50% with an annual minimum of \$10.

## Currency Exchange Losses Heavy

According to an article in the Chicago "Tribune" last week the United States district attorney and the secret service are investigating the practices of currency exchanges there because the exchanges have been cashing quite a number of stolen checks, particularly government allotment checks to families of men in service. Exchanges also have been getting stolen payroll checks. About 90% of checks reported stolen in Chicago are cashed in the exchanges, according to the article.

Many of the losses to exchanges are covered by insurance, and the experience of insurers from such forgery losses and from holdups has been poor. Few companies of the Surety Association of America are writing any business on exchanges, but they are still able to get protection, most of it from London Lloyds.

### Lloyds Writes Blanket Bond

The coverage written by Lloyds provides protection for burglary and robbery, forgery, transit, embezzlement, misplacement, etc. It is similar to the bankers blanket bond form No. 8. Robbery losses under the form have been heavy, forgery losses are increasing, and there have been some embezzlements.

The underwriters have been increasing the number and degree of restrictions in the policy and requirements of protective features and have made several increases in the rates. The big problems seem to be quality of help, location, and physical setup.

Few banks will do business with the exchanges because of the possibility that hidden forgery losses may not be discovered until after the exchange is out of business, and then the bank would be liable for acceptance of the "dishonest paper."

Companies belonging to the Surety Association of America are now working on a form of depositor's and commercial forgery bond for the use of currency exchanges in Illinois. The bond would have a deductible, at least of \$25, and would be rated in every case by the Surety Association. The rate would reflect location, exposure, and other factors, and the deductible would be variable depending on these factors. The bond would protect the currency exchange against loss by forgery, either of instruments it cashes or of its own instruments.

## Grantors' Cover Rules Amended

The National Bureau of Casualty & Surety Underwriters recently announced the broadening of manual rules for O. L. & T. and manufacturers' and contractors' liability insurance to include liability arising out of premises alienated by the insured, commonly called "grantors' protective liability insurance." It was stated that a further announcement would shortly be made with respect to construing policies to include this broader coverage in lieu of issuance of endorsements.

The manual rules for these two types of insurance have been amended, effective Aug. 16, to provide that when policies are written to apply to manual classifications covering premises, bodily injury liability and property damage liability coverages shall "include coverage without additional premium charge for any premises alienated by the insured, including elevators and escalators located thereon."

Both bodily injury liability and property damage liability coverages are sub-

ject to exclusion of the "use of or existence of any condition in premises alienated by the insured over which the insured has any right of control or which were constructed by the insured for sale, if the accident occurs after the insured has relinquished possession thereof to others."

The property damage liability is subject to the additional exclusion of "injury to or destruction of premises alienated by the insured out of which the accident arises."

To avoid the necessity of issuance of endorsements the National Bureau and Mutual Casualty Insurance Rating Bureau suggested to their member companies and to their New York state service subscribers that letters be written to the respective bureaus agreeing to construe new and outstanding policies as providing the coverage by the broader manual rules.

### Appeals Denial of License

The Union Hospital Service Association of Columbus has appealed to the common pleas court from a ruling of the Ohio department refusing it a license on the grounds that the contract was not fair and reasonable; that the association was not on a sound financial and actuarial basis and that it was

not a bona fide non-profit hospital plan.

### W. C. Cook Ohio Manager

The Emmco Casualty and Emmco Insurance Co. of South Bend, Ind., announce that W. C. Cook, who has worked out of the home office in a supervisory capacity, is being promoted to manager for Ohio, with headquarters in Cleveland. He has had many years of experience in the field.

### Membership Drive in Milwaukee

MILWAUKEE — The Milwaukee County Board of Casualty & Surety Underwriters has launched a membership drive through a committee headed by William J. Pfleger. Each present member is urged to contact a non-member agent or to submit a list of prospects on which he may need help from the committee.

Robert D. Brandenburg, who has been with Massachusetts Bonding's Chicago office two years working on judicial and fidelity bonds, and who recently passed the bar examinations, now is in the navy.

Beneficial Casualty of Los Angeles has been licensed in Missouri and Indi-

## Some Agents Increase Automobile Premiums

A good many agents secured more automobile premiums in 1942 than in 1941, which was a surprise to many of them. They felt that because of restrictions on gasoline and tires and reduction in rates there would be a decline in volume.

One agent increased his auto business \$1,000 in 1942, an 18% gain as compared with 1941. In another small community total premiums of an agency increased from \$3,500 to \$4,300. An agent in a town of 20,000 showed a gain from \$9,700 to \$11,000. This business has accumulated from automobile owners who are no longer "in finance." The communities are not war centers but country towns in farming communities. The agencies are good ones and are alert to their possibilities, but there was no especial drive to secure the business.

ana and expects to enter other states in the near future.



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American Glass Company's fleet of fast, modern trucks, its highly trained,

courteous personnel, are on the job day and night to serve your clients better and help keep plate glass insurance SOLD.

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## POINTERS FOR LOCAL AGENTS

### Renewal Cards Are Devised

Dudley F. Giberson of the Giberson agency of Alton, Ill., has prepared a series of attractive cards to be used in soliciting renewals and in acknowledging renewal orders.

The first card, which is sent out with policies such as dwelling or furniture which are not mortgaged, reads:

"Your insurance policy expires in the near future. Enclosed is the renewal, as we believe it is our obligation to continue all policies when they expire unless notified to the contrary.

"This policy is valuable as soon as it is issued, since we are responsible to the company for the premium. Please check it over carefully. If it is unsatisfactory in any way notify us immediately—do not lose or destroy.

"If we can ever assist you in any new insurance problem whatsoever—including life insurance—we have a capable and experienced staff at your disposal. We appreciate this opportunity to serve you."

Then there is a card that is sent out with copies of dwelling, fire and extended coverage policies where the original policy has gone to the mortgagee and it reads: "Your insurance policy expires in the near future. Enclosed is the certificate or copy of the renewal. We believe it is our obligation to continue all policies when they expire unless notified to the contrary.

"As is customary, the original policy has been delivered to the holder of the mortgage on your policy." From here on the card reads as did the first one.

Then there is a card that is sent out with personal accident statements when the renewal certificate is not sent with the statement. This card will also be used in connection with statements used the second and third year in connection with general liability policies written for three years, payable annually. It reads:

"Your insurance policy expires in the near future. Enclosed is the renewal statement. We believe it is our obligation to continue all policies when they expire unless notified to the contrary.

"We are responsible to the company for the premium of this insurance as of the effective date of the renewal." From here on this card reads as did the first two.

Then there is a card of slightly different phraseology used in connection with automobile renewal certificates and other policies which are renewed by renewal certificates.

The final card in the series is one to acknowledge orders which are received through the mail or otherwise. It reads:

"Thank you sincerely for the renewal order just received. We will issue and forward your policy in the very near future. If it is incorrect in any way please notify us immediately. This cooperation will be appreciated."

### Survey Selling Offers Agent Valuable Tool

Companies with which the insurance survey is becoming an increasingly popular selling tool say that fire and casualty

agents who are not using it are distinctly handicapped when it comes to keeping old business and securing new. Furthermore, the agent who is able to make the initial survey is usually the one who controls the business.

The reason, according to proponents of the survey method, is obvious. When an agent makes up a client's or prospect's insurance record and analyzes his needs, he performs a valuable service which the buyer appreciates. Not only is the buyer impressed with the agent's competency, but he is usually inclined to give the agent the remainder of his business so long as it is properly serviced.

Because of the time involved in making the survey, the buyer is not inclined to favor further surveys by other agents. Usually he feels that the agent who made the first survey did a good job and is giving the proper attention to his insurance needs. This attitude is important, as usually about 30 percent of a client's business is controlled by one agent.

A field man for a large company says concerning survey selling:

"I had been talking survey selling to an agent for some time, telling him how others were developing business and lining up new accounts. Finally, I persuaded him to call on one of his clients and get his reaction.

"He selected one of his accounts, a client whom he had known intimately and with whom he had done business for many years. Imagine his chagrin when he discovered another agent had made a survey and walked off with \$468.75 in new premiums, and that more business was promised on expiration—his business."

Survey selling is looked upon with favor by many companies because it not only makes accounts more permanent but tends to create a better type of agent. Agents like it because it concentrates their efforts and makes each individual account, for the most part, more lucrative.

The methods used in survey selling are relatively simple. Once a record of existing insurance is obtained, the agent looks for errors in the coverage and for ways to adjust it so that more coverage may be obtained for approximately the same amount of money. Then gaps in the program are brought out and developed so that additional insurance may be sold.

### Important to Know About the Scope of Leasehold in Fire Insurance Coverage

E. P. Carberg of Boston, special agent of the Fireman's Fund, in speaking of leasehold interest insurance, finds that it is perhaps the least known and written. As he states it, basically the mission of leasehold interest insurance is to indemnify the lessee in the event of termination of his lease through fire. A lease in this connection refers to its termination by cancellation if the premises are damaged to a specified extent, or totally destroyed.

Mr. Carberg says that a particularly good prospect for this form would be a lessee whose lease was executed several years ago on property located in a fast growing section. If his lease were terminated it might be necessary for the prospect to engage higher priced quarters or if the original property can be repaired or rebuilt, there may be a substantial increase in the lease rental.

He declares that premises leased five years ago at a monthly rental of \$1,000

may have materially appreciated in value to the point where it would now require a \$2,000 monthly figure.

### Should Know the Fire Clause

Many people who sign leases are not familiar with the fire clause in their contract, he asserts. This clause is usually quite specific as to the amount of fire damage necessary to terminate the contract. In many instances, if the premises are damaged 25 percent this is sufficient to cancel a lease. In other cases a lease may hold good up to the point of total destruction of the premises.

In addition to the specifications of the contract it is frequently found that there are other statutes or ordinances of a local nature affecting a lease. These may make it unlawful to rebuild or repair property of a certain type of construction or occupancy.

If fire damage exceeds a certain percentage and this may or may not be in conflict with the lease specifications it might be unlawful to rebuild or repair property of a certain kind of construction.

### Fire Clause Is Important

Mr. Carberg declares that one of the principal features of any lease is its fire clause, especially when the lease is written on mercantile or industrial property. In most rate jurisdictions, he says, the formula for determining the proper amount is provided on the form, this depending on the length of time the lease has to run. However, because of the many underwriting factors involved in the acceptance of this type of coverage, he said it is well to refer the risk to the company before a contract is written. Large stores and industrial properties are good prospects for this form, especially now that the defense program is affecting so many communities.

The Little Gem shows both new and old settlement option incomes. \$2.50 from National Underwriter.

### General Liability Is Fertile Field for Agent to Develop Today

General liability lines offer the agent an almost unlimited fund of selling approaches, and some agents now are getting into this field to offset the decline in automobile business.

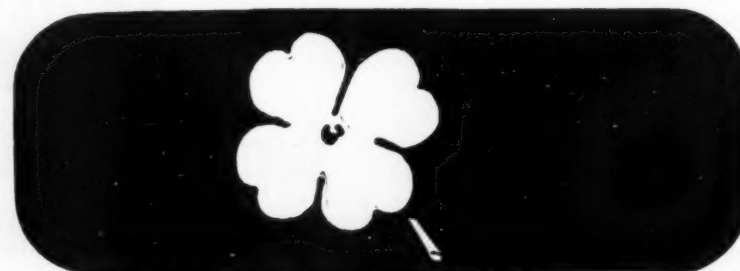
One of the strongest and most effective arguments in selling general liability protection is that assured should certainly insure the reserves he now has for use in a possibly lean future when he is apt to need them a great deal more than at present. The only sure way to do this is to exchange a known small sum in the form of a premium for an uncertain, possibly very large loss. Another thought is that premiums can be deducted from income tax.

### Need for Claim Stories

One of the difficulties that agents in smaller communities run into in selling residence liability is that people are not so claim minded in such sections. There is a considerable need for clippings or stories of claims of the type that could happen, or of those that have happened in that particular community. The agent who has collected such stories and laid them out in an interesting way for presentation in making a sale finds his selling made a good deal easier on this type of coverage.

Whereas automobile, public liability and property damage premiums are in some cases almost three times larger than general liability volume, claims under general liability exposure are more numerous than under automobile liability. The general liability field is perhaps not more than 10 or 20 percent insured.

The amount of a liability loss is unpredictable, and may be many times the value of the property of the firm. Yet many firms do not carry complete public liability coverage, although they



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CLOVER**

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Group insurance man to develop production. Thoroughly experienced in all phases of group accident and sickness insurance by large middle west casualty company. Home Office and field experience desired. State qualifications and salary. All replies treated confidentially. Address S-68, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED

Experienced Casualty Underwriter for large Chicago Branch Office. In reply give full particulars including age, draft status, salary expected. Address S-74, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.



would not think of permitting the property to go uninsured against fire.

One of the characteristics of liability insurance is that once it is sold it stays on the books for a long time.

## ACCIDENT

### Discuss Limited Policy Contracts

The special committee appointed at a meeting of accident company people in Chicago at the behest of Director Jones of the Illinois department will meet in his office at Springfield, Sept. 2. President George Manzelmann of North American Accident is chairman. This committee was named to assist the department in reaching some conclusion as to a certain amount of standardization and unity in provisions for limited policies.

Director Jones called attention to the fact that there are many complaints coming to the department regarding some of these policies. The purchasers do not understand the restrictions. Then he said there were other complaints regarding the format of accident policies issued by a few companies and these should be taken up. In fact, he desires the committee to review the complaints and endeavor to reach some conclusion as to fundamentals. It is a difficult task in view of the various classes of companies involved. The traveling men's associations have what might be called special policies that other companies do not write. There are companies that are using the radio and mail to solicit business where the restrictions are very pronounced. Other companies issue special policies of various kinds. However, the committee will see what can be accomplished.

### Social Security Extension Favored in Gallup Poll

In a recent survey the Gallup poll reports that 59% of those interviewed favored the extension of the social security act to include the payments of benefits for sickness, disability, doctor and hospital bills. There were 29% who said "no" and 12% undecided. Of the 59% approving the broader benefits, 44% were willing to pay the 6% tax to cover the increased benefits, 11% said "no" and 4% were undecided. In answer to whether farmers, domestic servants, government employees and others not now under the act should be included under it, 64% voted "yes," 19% "no" and 17% were undecided.

### New "Defense Workers" Policy

The new "defense workers protection" policy of National Casualty provides 24-hour protection (occupational and non-occupational), is non-prorating for change of occupation and men and women are written at the same rates. The war clause excludes only raids by air, sea or land and combat fighting.

It pays for 60 months for accident total disability (no partial), 12 months for confining illness and one month non-confining. Fare-paying aviation is covered. The initial quarterly premium for

## Collision Claims at Intersections

The Commerce Clearing House Insurance Law Reporting Service has cited a few interesting decisions involving collision of automobiles at street intersections. In *Northermund vs. Red Top Cab & Baggage Co.*, the Florida supreme court held for the cab company. A taxicab passenger who was injured when an automobile driver made a left turn at an intersection colliding with the side of the taxi did not recover from the cab company for injuries sustained since the court held the sole cause of the accident was the negligence of the motorist.

The Nebraska supreme court in the case of *Donald vs. Heller* did not allow a motorcyclist to recover for personal injuries sustained when he collided with the defendant's automobile at an intersection since he was guilty of more than slight negligence in swerving to the left, applying the brakes, skidding and losing control when he observed the car in the intersection.

In *Brodner vs. Service Fire et al.*, the Connecticut supreme court of errors declared the trial court erred in rendering

judgment for the company in plaintiff's action for damages sustained in an intersection collision since the same test was applied to determine whether each was negligent when the plaintiff was on the right and it was the defendant's duty to yield the right of way.

The Connecticut supreme court of errors in *Mignone vs. Murphy* allowed the plaintiff to recover for personal injuries sustained when the defendant negligently turned his car to the left near the intersection and collided with the approaching car in which the plaintiff was riding.

The Connecticut supreme court of errors also in *Smith vs. Usher* decided that a motorcyclist could not recover for injuries sustained when he crashed into the defendant's left turning automobile at an intersection, since he was

familiar with the crossing and saw or should have seen the defendant making the turn.

The California district court of appeals decided that a bicyclist was negligent as to lookout when she collided with the defendant's approaching automobile while the defendant was making a left turn at the intersection. This is the case of *Fietz et al. vs. Hubbard*.

The Pennsylvania supreme court in *Sober's Transfer vs. Schwotzer, Option Equipment & Supply Co.*, decided that the plaintiff could recover for damage caused to his truck in the intersection when the defendant's truck driver ran through the red light, crossed the intersection and collided with the traffic light, causing plaintiff's truck to contact the right side of the other vehicle.

Write more accident business by subscribing to *The Accident & Health Review*, \$2 a year, 175 W. Jackson Blvd., Chicago.

males and females ages 16-64, for \$500 principal sum and \$50 monthly, is \$8.50, and renewal \$6.50. Hospital indemnity of \$3 per day for 60 days may be added by rider for a quarterly premium of \$1.

### Canadian Deposit Increased

Mutual Benefit Health & Accident has increased its reserve with the Dominion department in Canada and now has on deposit securities to a value of \$1,080,000.

### Dismiss Countersignature Cases

RICHMOND—Charges against Massachusetts Bonding, Paul Revere Life, Massachusetts Protective, Continental Casualty, Connecticut General Life and Aetna Life, accused of violating the Virginia state law requiring the signatures of resident agents to policies issued in Virginia have been dismissed by the state corporation commission.

### Sale of Travel Policies

Aetna Life states that owing to rationing of gasoline, the railroads, buses and public conveyances of all kinds are overcrowded and the sale of accident insurance tickets has increased at many points. These tickets are sold at railroad and bus ticket offices where one company has a franchise.

### Wallace Succeeds Perkins

Pacific Mutual Life has appointed Paul A. Wallace general agent in Seattle, succeeding Lloyd A. Perkins, who has resigned as general agent, but will continue to represent Pacific Mutual on a brokerage basis. Mr. Wallace has been in life insurance for 20 years.

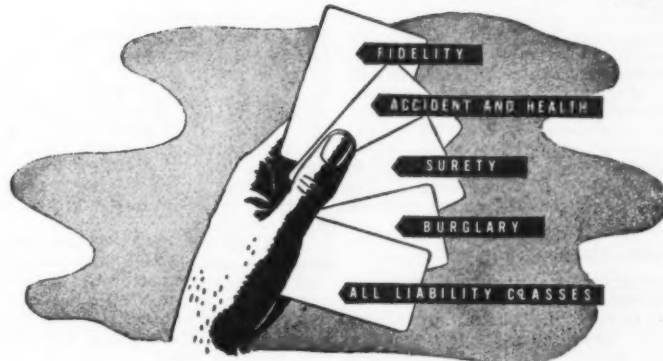
### General Acc. Bonus Campaign

General Accident is paying an additional 10% commission on new commercial accident and health business written by individual producers during the period Aug. 1 to Dec. 31. The agent must produce a minimum of \$200 in order to qualify.

LOOK! THERE'S

**PROFITS IN THE CARDS**

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WE BELIEVE in promotion where there's profit. The Accident and Casualty Insurance Company is assisting its agents to greater profits with special promotions that sell its leading profit lines.

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acceptance and mean big profits to those agents who see the advantages today in diversifying their business.

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Address S-49, care The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

## Countrywide Farm Liability Program

(CONTINUED FROM PAGE 19)

as including coverage for farm or other animals while away from the premises except as otherwise excluded, and for the exhibition at fairs and shows of farm products and animals other than saddle animals.

The scope of the "farms" classification has been broadened to include coverage for all saddle animals while away from the insured premises except while rented to others or used in practicing for or participating in any exhibition or contest. The exception applies, for example, to the exhibition at shows of saddle animals which an insured may raise on his farm, to the use of such animals in the game of polo and to the use of saddle animals in any race. The personal liability classification for farms has been amended similarly, except that in the exclusion relating to saddle animals the word "race" has been substituted for the word "contest." For the latter classification, coverage is included for liability arising out of the practicing or playing of polo which is not considered an exhibition.

### Exclusions as to Animals

The exclusion relating to animals located away from the insured premises for feeding purposes has been eliminated. Coverage for such animals is contemplated under the farms classifications. An additional charge applies for the hazard of grazing of animals under grazing agreements or permits involving land not owned or leased by the insured. The term "acreage" is defined as land owned or leased by the insured in connection with each farm and the rates for acreage contemplate coverage for grazing on such land.

A new product liability classification has been established to cover farm products. It includes dairy products, livestock, poultry and poultry products, other livestock products, field crops, vegetables, fruits, nuts and forest products. It does not apply to creameries, dairy products if any dairy products are sold by the insured on a route delivery basis, or to processed foods where the sales of such foods exceed 10% of the total sales of all farm products. The classification was erected in order to make product liability insurance readily available to the small general purpose farmer at a reasonable premium.

### Rates and Minimums Reduced

The rates and minimum premiums for this classification are \$.10 per \$1,000 of sales subject to a minimum premium of \$5 for bodily injury insurance, and \$.03 per \$1,000 of sales, subject to a minimum premium of \$2.50 for property damage insurance. Heretofore the manual minimum for products cover has been \$15 for B.I. and \$5 for P.D.

A reduction has been made in the

bodily injury minimum premium for the classification applying to packers of fresh fruits and vegetables.

Premises medical payments covers the insured's moral obligation to provide medical, nursing or hospital care or reasonable funeral expenses when death results for a person who sustains bodily injury, sickness or disease, caused by accident, while on his premises. It also provides such care or funeral expenses for a person who is not on the insured's premises but is injured by an occurrence on the insured's property, e. g., a limb of a tree falling upon a pedestrian in the street or elsewhere.

The coverage has been available previously on a general basis for private apartments, private residences and two-family dwellings in combination with owners', landlords' and tenants' bodily injury liability insurance for such premises. It has now been extended to farm risks. The rates for farms are the same as those for residence risks and apply regardless of the size of the farm. This is \$5 for \$500 limits and \$2.50 for \$250. The coverage for farms is similar to that for residence risks except that coverage is excluded for any person while engaged in work incidental to the maintenance or use of farm premises.

The rules, classifications and rates for premises medical payments coverage for residence risks and farms have been incorporated in the owners', landlords' and tenants' liability manual.

The standard schedule personal liability policy is well suited for the writing of owners', landlords' and tenants', employers liability, including medical payments' and premises medical payments insurance for farms. Accordingly, an advisory endorsement for use with this policy setting forth the essentials of coverage for farm risks has been prepared.

The basic coverage for manufacturers' and contractors' and owners', landlords' and tenants' liability insurance covering premises has been broadened to include coverage without additional charge for any premises alienated by the insured either prior to the inception of the policy or during the policy period, including elevators and escalators thereon. This coverage is commonly referred to as grantors' protective liability insurance.

Coverage is excluded for alienated premises over which the insured has any right of control or which were constructed by the insured for sale, and for injury to or destruction of premises alienated by the insured out of which the accident arises.

The coverage has been available previously under the residence and farms classifications without additional charge. It is now available in connection with all classifications covering premises.

Further announcement will be made shortly with respect to construing liability policies to include coverage for alienated premises on and after Aug. 16, in lieu of providing the coverage by endorsement.

In accordance with the customary procedure, all of the changes involving broadening of coverage may be endorsed on outstanding policies as of Aug. 16.

## Bureau Evens Score With Hartford

(CONTINUED FROM PAGE 19)

opinion concerning changes that would be acceptable.

"On the matter of rate level, the latest available classification experience appears to indicate the need for higher rates than those appearing in the bureau May 1, 1943, manual. However, it is questionable whether that experience is indicative of present conditions which are likely to continue for some time to come. Until recently, practically all companies were of the opinion that rates should be even higher than the experience indicates because boilers and machinery are being operated to their fullest capacity in order to meet the need for maximum production in the war effort. Now it appears to be the opinion of all companies that the level of rates in the bureau May 1, 1943, manual is adequate because assured are extremely careful to preserve equipment which it would be difficult if not impossible to replace and because insurance companies in general will show less inspection expense (a substantial portion of the premium for this line of insurance) due to their inability to replace experienced inspectors lost to military service and war industries. The universal acceptance of this latter opinion is indicated by the fact that in 47 out of 49 jurisdictions in the United States all companies are using approximately the level of rates in the bureau May 1, 1943, manual.

"On behalf of the companies that have authorized us to make filings we hereby advise that the manual filed with you on April 15, 1943, and the supplementary material (including policy forms and endorsements) filed since then, will be applied in New York by substituting Aug. 12, 1943, and June 1, 1943, for the effective dates of May 1, 1943, and March 1, 1943, respectively as specified in such filings."

After a number of conferences had been held under the auspices of the New York department between the warring factions in the boiler business, the department sought to get the two groups to agree on a single program which would for the most part embrace the bureau manual and the rates of Hartford Steam Boiler, which are about 15% higher than those of the bureau. However, the technical committee was unable to come to an agreement and the next move appeared to be for the department to prescribe a single manual and set of rates to which all companies would subscribe. Hartford Steam Boiler then made the surprise move of filing its own manual and declaring it to be effective without getting departmental approval. The bureau was then compelled to take action to protect its companies, since Hartford Steam Boiler would have been able to have reaped a rich harvest from bureau pastures at least during the 70-day period from Aug. 12, had the bureau retained its old manual.

## PERSONALS

Ray Murphy, assistant general manager of the Association of Casualty & Surety Executives, attended the annual convention of the Iowa department of the American Legion and presented Governor Hickenlooper of Iowa a jeweled Legion pin in behalf of the Iowa legionnaires. Mr. Murphy is a

former national commander of the Legion and also served as Iowa commissioner.

Vice-president Herbert Dunn of Fidelity & Deposit is on a tour of western agencies.

Cameron Tranor, with the casualty department of E. H. Crump & Co., Memphis, for 13 years, will become associated with William R. Kent Sept. 1 in an aviation training school with branches in Arkansas and Mississippi.

Mrs. Carrie M. Hawley, 83, widow of H. B. Hawley, founder and long head of Great Western of Des Moines, died there. Mr. Hawley's will provided that virtually his entire estate was to be used to finance the Hawley Welfare Foundation for constructive welfare work and research, operative on the death of Mrs. Hawley. It is estimated that the foundation fund will be in excess of \$400,000.

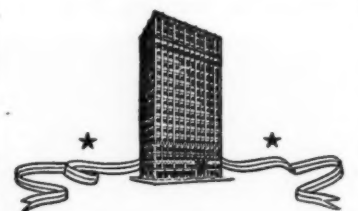
## Solicits Post-War Planning Ideas

(CONTINUED FROM PAGE 21)

- (4) Hospital care.
- (5) Medical care.
- (6) Unemployment compensation benefits for entire period of unemployment.
- (7) Old age benefits to begin at age of 60.
- (8) Burial benefits.
- (9) Death benefits to dependents.
5. The creation of a federal insurance agency which will sell to the people at cost, life and other basic insurance policies.

## No Continental Cas. Claim Parley

The annual meeting of Continental Casualty claim men and legal representatives from over the country, ordinarily held in August, was cancelled this year because of war conditions.



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For 19 years this company has rendered specialized service to agents on automobile, general fire, workmen's compensation, miscellaneous casualty, fidelity and surety coverages. We have achieved and proudly present an outstanding example of successful operation.

Let our success help further your success—we offer you truly specialized, courteous service—that's another reason why the number of Commercial Standard agents is steadily increasing.



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DECEMBER 31st, 1942

CAPITAL . . . . .	\$2,000,000.00
Surplus . . . . .	5,995,720.77
Voluntary Contingency Reserve . . . . .	500,000.00
Reserve for Losses . . . . .	5,054,585.89
All Other Liabilities . . . . .	4,722,764.19
<b>TOTAL ADMITTED ASSETS . . . . .</b>	<b>18,273,070.85</b>

NOTE: Securities carried at \$480,343.75 in the above statement are deposited as required by law.

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# INSURANCE NEWS BY SECTIONS

## MIDDLE WESTERN STATES

### Minn. Court Holds Tax on Self-Insurer Unconstitutional

ST. PAUL—A specially enacted Minnesota law designed to force self-insurers to pay the equivalent of the 2% premium tax to support local fire departments has been declared unconstitutional by Judge Carlton McNally in Ramsey county court in a suit brought by the International Harvester Co. The judge held that such a tax is a property tax, that it is not uniform in application, is discriminatory and takes property without due process of law.

The amount involved in the case was small, only \$113 for the year ending Oct. 31, 1939; but the decision is a decided setback in the state's effort to make self-insurers and insurers in unauthorized companies contribute to the support of local paid and volunteer fire departments. During the administration of Commissioner Yetka, the Minnesota department undertook to compel self-insurers and those carrying insurance on Minnesota property in unauthorized companies to pay the premium tax.

International Harvester Company owns approximately \$1,299,000 worth of real and personal property in Minnesota. It does not carry insurance on this property but maintains a reserve fund to take care of fire losses. The reserve set aside for the year in question was figured at \$5,693, 2% on which would amount to the \$113 claimed by the state.

### Plan One-Day Kansas Meeting in Topeka Oct. 26

The Kansas Association of Insurance Agents will have a one-day annual convention, in lieu of the customary three-day session, Oct. 26 at the Jayhawk Hotel, Topeka, it was decided by the executive committee, which met in Topeka at the call of Chairman Victor G. Henry, Wichita.

According to Mr. Henry, the program will feature the effects and influence of the war on insurance, thus being a "war conference." Program features, to be arranged by Vice-president Forest R. Fair of Mankato, are to include two or three out-of-state speakers and a panel discussion on some pertinent subject. Morning and afternoon business sessions will be held, with the banquet in the evening.

Erwin Keller, president of the Topeka association, host, has appointed a convention committee to arrange the details and take charge of the banquet and entertainment. It is expected that a Dutch lunch and entertainment will be scheduled for Wednesday evening preceding the convention, for the benefit of early arrivals. This will be the 23rd annual convention of the Kansas association.

### Lawton, Byrne, Bruner Outing

Members of the Lawton, Byrne, Bruner agency organization of St. Louis enjoyed an outing at Westborough Country Club. Honored on that occasion were employees that had been with the agency for 20 years or more. Each of these employees was presented with a wrist watch. Vice-president Mason Miller was general chairman of the outing and was assisted by M. E. Connelly, C. F. Berwyn and Elmer Tigtes. The 20-year or more employees are: A. B. Wright, Josephine Mereto, Margaret

Schneider, Dolores Beach, Ruth Sparks, Emil Kaiser, Adele Klump, Evelyn Wagstaff, Grace Brauroth, Naomi Harrington, Ella Warren, Florence Till.

### Urge Ia. Meeting Cancellation

SIOUX CITY—The Fire & Casualty Underwriters Association of Sioux City has expressed itself in favor of the state association canceling its proposed annual meeting in Des Moines in October. The opinion was that the insurance agents should comply with the spirit and letter of the ODT request. It was also felt that agents far from the convention city would not, and could not, conscientiously attend, thereby reducing the otherwise unquestionable value of a business convention.

President Robert S. Andrews of the Iowa Association of Insurance Agents is a member of the Sioux City organization.

### New Waterloo School Plan

WATERLOO, IA.—The Waterloo school board has adopted a master insurance policy plan for the school property for a total value of \$2,639,165, written on a five-year basis with annual premium of \$3,093. Under the new master plan, 95 policies were replaced by 10 policies for fire and windstorm coverage. It seeks to eliminate confusion resulting since consolidation of two former school districts and to simplify adjustments and payments.

The master policy, written by the North America, incorporates existing insurance with other companies which has not expired. These policies will be retained until they expire.

### Carry Fire Prevention to Teachers

Fire prevention education is again being carried to the country school teachers of Kansas attending the annual "teachers institutes," with emphasis on starting their programs early and featuring Fire Prevention Week. Dean Earl K. Hillbrand of Wichita University is appearing at institutes in Barber, Pottawatomie and Webaunsee counties and the Wichita fire prevention committee has arranged for a speaker at the Sedgwick county institute in Wichita. Fire prevention material was furnished by the state fire marshal and the Kansas Fire Prevention Association.

### Indianapolis Board Outing

The annual outing of the Indianapolis Insurance Board was held last week with 215 members and their office staffs as guests in attendance. Golf and swimming in the evening, following a chicken dinner were the principal diversions. There was no formal program. John A. Welch was chairman of arrangements. Harlan J. Hadley is president and Joseph W. Stickney is secretary-treasurer. A heavy rainstorm which came about the time the party was breaking up did not seriously dampen the pleasure of the occasion.

### Fewer Licenses in Nebraska

LINCOLN, NEB.—The Nebraska department reports that as of Aug. 14 the number of agents and brokers licenses is 23,554 as against 24,588 last year. However, there is a substantial increase in brokers' licenses, as the department is insisting that all agents placing business with any companies other than those for which they are licensed take out a brokers' license.

### Hold Interstate Fire School

An interstate fire school will be held at Osceola, Wis., Aug. 22 with Gover-

nor Thye and Commissioner Johnson of Minnesota among the speakers. Firemen from nearly a score of towns in Minnesota and Wisconsin will participate.

Firemen of southeastern Minnesota held a school at Austin Aug. 15, at which L. C. Lund, deputy Minnesota commissioner, was a speaker.

### J. R. Jones & Co. Moves

J. R. Jones & Co., one of the leading agencies of Dayton, O., is moving its office from the Reibold building to the Callahan building. The business of the agency has grown to such an extent that much larger quarters were needed. J. R. Jones organized the agency. He was formerly secretary of Liberty of Dayton, which sold out some years ago.

### Discuss Kan. Rule Book Changes

Both the Hutchinson Association of Insurance Agents and the Newton Insurance Board held special meetings to study the new Kansas rule book changes and revised rates effective Sept. 1. E. B. Fergus, Wichita branch manager of the Kansas Inspection Bureau, discussed the changes at both meetings.

### Cream City Opens Minn. Branch

Cream City Mutual Fire of Milwaukee has opened a Minnesota branch office with quarters at 928 Plymouth building, Minneapolis, under the supervision of Gordon W. Grimm, state agent. The company's Minnesota writings continue to show increases, with 1943 premiums to date substantially ahead of 1942.

### Florists' Hail Insurer's Losses

In reply to an inquiry J. C. Wetzel, secretary of the Florists' Hail Association, Edwardsville, Ill., states that there are 15 greenhouse establishments in the Peoria area and that the hail association had losses on three, running \$2,650, \$450, and \$250. There was about \$500 in losses to flower crops.

### Blackout Ends Agency's Party

Casey Williams, Indianola, Ia., local agent, was host to a large group of field men, insurance press and officials of Western Adjustment. The party was brought to a sudden close by an unexpected state-wide blackout.

### Tadsen's 50th Anniversary

P. K. Tadsen has just celebrated the 50th anniversary of the founding of his agency in Port Clinton, O. His nephew, Frederick C. Zeis, has been made a member of the firm.

### Heath with Sheffer-Cunningham

Sheffer-Cunningham, Wichita adjusters, announce the addition of Bruce C. Heath, formerly with the attorney-general's office, Topeka, as a staff adjuster. Mr. Heath is a graduate of the Washburn law school at Topeka.

### St. Paul Exchange Meets Sept. 8

ST. PAUL—The annual meeting of the Insurance Exchange of St. Paul will be held Sept. 8. Officers will be elected and plans discussed for continuing the educational program begun last winter.

### NEWS BRIEFS

The annual meeting of the Minneapolis Underwriters Association will be held Sept. 13.

Insurance Women of Milwaukee will hold their annual outing at Hubbard Park lodge in the Shorewood suburb, Aug. 23. A business meeting will be held at which delegates to the conven-

tion of the National association will report.

At a dinner meeting of the Insurance Women of Lincoln, Neb., J. P. Cotter, Nebraska manager of the Red Cross, urged a wider participation of women in war work.

The Cuyahoga County Board, Cleveland, held its annual outing Aug. 17. A round of golf preceded the dinner.

Henry D. Dukes, president of the Dukes-Law agency, Centerville, Ia., was married recently to Miss Geneva Brown of Des Moines. They are on a honeymoon trip at Estes Park, Colo.

Harold E. Teachout, Des Moines, local agent, has resigned as rationing officer of the OPA state office.

Reuben Miller of the Wade Patton & Co. agency has been named chairman of the Hutchinson, Kan., fire prevention committee.

Paul Lewellyn of the Will S. Thompson-Kline Agency, Hutchinson, Kan., has been appointed clerk of the board of education there and resigned from the agency.

Claude Bawden, senior inspector at Youngstown, O., for Underwriters Laboratories, with which he has been associated for 25 years, has been named assistant executive director and county coordinator of the Mahoning County Defense Council.

The Service Insurance Agency, Hutchinson, Kan., has changed its name to Hutchinson Insurance Agency. Mrs. F. H. Ahrens has been placed in charge of the insurance department.

## SOUTH

### Graves Report Stresses Rate Reduction in Ark.

LITTLE ROCK—In his annual report Commissioner Graves stated that collections in 1942 were \$832,623, \$83,471 more than for the previous year.

The report says that as a result of cuts in fire insurance rates in the past five years, there was a reduction of \$293,699 in premiums last year.

Shortly after the Southeastern Underwriters Association announced the abandonment of the three-fourths value clause, Mr. Graves requested a committee representing the fire companies to ask that the requirement be eliminated in Arkansas policies. This was effected in May.

The report recommended that the fire marshal's office have at least two additional men to inspect public buildings.

### To Consider Rating Plan

NASHVILLE—One of the principal matters to be considered at the meeting of the executive committee of the Tennessee Association of Insurance Agents here Sept. 10 will be the Association of Casualty & Surety Executives rating plan. A report from a committee composed of Herbert Corson, Nashville; W. S. Keese, Jr., Chattanooga; Charles Edwards, Kingsport, and Ed Lutz, Knoxville, will be considered.

### Mutual Agents to Meet

The special "war conference" of the Mutual Agents Association of Virginia and District of Columbia will be held at the Hotel Roanoke, Roanoke, Va., Sept. 13-14. James F. Minor of Charlottesville is president.

### Tennessee Agencies Merged

J. E. Taylor, Chattanooga local agent, has purchased the agency of his brother,

the late J. N. Taylor, at Cleveland, Tenn. The agencies will be combined in the Chattanooga office, but the company plants will be held for Cleveland.

#### Ask for State Fire Marshal

Resolutions asking for creation of a state fire marshal's department and enactment of legislation requiring communities to meet basic minimum standards in fire protection were adopted at the annual meeting of the Virginia State Fireman's Association in Charlottesville.

#### Honored for 20 Years' Service

Mrs. Sarah Grubbs Palmore, agency secretary of DeJarnette & Paul, Richmond, who represent National Liberty, has completed 20 years with that company. She started in 1923 with the W.

G. Maury agency and went with DeJarnette & Paul in 1932 when that agency was formed and took over representation of National Liberty following the death of Mr. Maury. Carl T. Lloyd, Virginia state agent of National Liberty, presented her a certificate and DeJarnette & Paul gave her two silver pieces.

#### Wilson Opens Local Agency

W. A. Wilson has opened a local agency in the Hightower building, Oklahoma City, to write all types of insurance except life. He recently resigned as state agent of Commercial Standard after nine years service.

R. P. Sechrest, former Johnson City, Tenn., local agent, has become full-time secretary of the Johnson City chamber of commerce.

as a member of numerous important committees.

The office of assistant secretary has been revived and Miss Avis Bryson, librarian of the association, elected to the position.

#### Insurance Salesmen Non-Essential

SEATTLE—Walter J. DeLong, state selective Service director, who has announced that pre-Pearl Harbor fathers would be given 15 days to take war production jobs or face reclassification, in citing examples of non-essential work referred to "insurance salesmen" among others.

Fred Burgard, Portland, Ore., local agent, has been appointed sub-chairman in charge of the blood donor drive among general insurance agents.

Pauline McCarthy, well-known local agent and secretary of the Portland

(Ore.) Association of Insurance Agents, was married there to W. C. Block.

## EAST

#### W. Va. Experience Over Three-Year Period Shown

The West Virginia department has put out a booklet entitled "Fire Insurance Premiums and Losses and Percentages Indicating Trends in Fire Insurance Business in the State of West Virginia." This covers the 36-month period Jan. 1, 1940, to Dec. 31, 1942. It is the first publication of its kind and the department intends to get out an edition annually. It shows premiums and losses for each of the National Board classes subdivided according to

## PACIFIC COAST AND MOUNTAIN

#### Utah Agents' Card for Annual Muster

The program for the annual meeting of the Utah Association of Insurance Agents to be held Aug. 30 at Utah Hotel, Salt Lake City, is announced. The convention theme is: "Postwar Planning of the Insurance Agent." Seymour Gray of Provo is president. As Salt Lake City is the home town of Fred A. Moreton, vice-president National Association, he will speak for that body. The program is:

10:05 a. m.—Report of association president Seymour Gray, Provo.

Address by O. W. Carlson, Utah commissioner.

"The Industrial Future of Utah," Gus P. Backman, executive secretary Salt Lake City chamber of commerce.

Explanation of the Utah automobile financial responsibility law by Francis P. Bromley, L.L.D.

Visual analysis of the new residence and outside theft policy, L. Wm. Keyser, Intermountain Field Club.

"Safeguarding Private Enterprise," Fred A. Moreton, vice-president National Association of Insurance Agents.

Luncheon honoring past presidents of association; guest speaker, Dr. Robert D. Steele, president Westminster College.

#### Afternoon Session

Agents' business session—association members only.

Reports of committees, general business, election of officers.

6:30 p. m.—Cocktail hour, under direction of Salt Lake association of insurance agents.

Banquet and entertainment.

#### Hartford Makes Coast Changes

SAN FRANCISCO—L. R. Abercrombie, resident comptroller of the Pacific department of Hartford Fire and Hartford Accident, is being transferred to the home office of Hartford Accident.

Mr. Abercrombie became associated with the "Two Hartfords" in 1921, his first position being that of chief accountant. In 1928 he was appointed resident comptroller, a position he has held for the past 15 years.

Oscar G. Coy will succeed Mr. Aber-

crombie in the Pacific department. Mr. Coy came to San Francisco from the home office 16 years ago. He had been in the auditing department.

James Moon, who will succeed Mr. Coy as chief accountant, has been with the Pacific department for 18 years, always in the accounting department. During the past several years he has been Mr. Coy's chief assistant.

A new personnel department will be started under the supervision of Alan A. Heringhi in addition to his present duties as superintendent of the advertising and development department.

#### Setup for Washington Convention Is Announced

SEATTLE—Plans have been completed for the annual meeting of the Washington Association of Insurance Agents here Aug. 27. The meeting will be open to members only.

William H. Harmer is chairman of the local Seattle committee in charge of arrangements. Sub-committee chairmen are: Registration, William Gasser; hospitality, W. H. Scott; entertainment, E. R. Bowden; social hour, James Frazier.

Morning and afternoon business sessions will be held at the Olympic Hotel, followed by a social hour and a dinner for the organization's official family.

The past presidents will hold a dinner at the Rainier Club, Thursday evening, Aug. 26. There will be a golf game Saturday.

#### Award Transit System Cover

SEATTLE—General of Seattle, Northwestern Mutual Fire and Associated Fire & Marine were awarded the fire insurance on the Seattle Transit System's trackless trolley equipment. The coverage approximates \$2,650,000 and a 23 cent rate is being used.

#### Simpson F. U. A. P. Secretary

SAN FRANCISCO—Harry L. Simpson, retired Pacific Coast manager of the Phoenix-Connecticut group, has been elected secretary-treasurer of the Fire Underwriters Association of the Pacific, to succeed H. B. Mariner, who recently resigned. Mr. Simpson served as president of the F. U. A. P. and also

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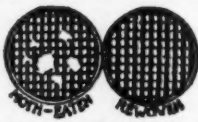
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class of towns, protected and unprotected, and according to type of construction. Then there is given the town classification for each town in the state.

During the 36-month period total premiums written were \$17,589,281. and losses paid \$7,364,293, loss ratio 41.87. Corresponding figures for each town class are: Class 4, \$1,387,463, \$622,969, 44.9; class 5, \$2,123,263, \$493,971, 23.12; class 6, \$2,282,400, \$501,398, 21.97; class 7, \$2,533,236, \$790,551, 31.21; class 8, \$2,102,548, \$940,864, 44.75; class 9, \$291,192, \$100,413, 34.48; class 10, \$6,208,886, \$3,614,269, 58.21; farm, \$660,293, \$299,858, 45.41.

### Insurance Men Are Speakers

LEWISTOWN, PA.—The annual Pennsylvania firemen's training conference being held here this week includes a number of insurance men among the lecturers. They are D. J. Price, president National Fire Protection Association and principal engineer, bureau of agricultural chemistry and engineering, Department of Agriculture; E. A. Spatz, agency service supervisor Millers Mutual of Harrisburg, Pa.; W. A. Rodda, engineer American Mutual Alli-

ance; R. D. Currie, engineer General Reinsurance; H. M. Travis, National Board of Fire Underwriters; T. Alfred Fleming, director of conservation, National Board, and R. E. Maginnis, assistant secretary American District Telegraph.

### Two State Chairmen Named

Louella Goodridge, president of the Insurance Women of Albany, has been appointed state chairman for New York by the National Association of Insurance Women, and Mary Munroe, Annapolis, chairman to represent Maryland. This is in line with the national association's policy of appointing state chairmen to assist in organizing local clubs.

### NEWS BRIEFS

The Vermont Association of Insurance Agents will hold its fall meeting in Burlington the week of Sept. 13. Howard A. Allen, Burlington, is president.

William T. Swain, president and treasurer of W. E. Putney, Inc., Fitchburg, Mass., agency, was married to Miss Marguerite F. McPartland.

to make sure that the customer is carrying 100% insurance to value on his maximum loads. All values have greatly increased and in many cases there is a good possibility the policyholder is in need of increased coverage. The average trucker, the firm says, buys only \$1,000 cargo insurance, which is the most required by the Iowa state commerce commission and the Interstate Commerce Commission, for example. Ellis & Co. say that, for example, if a load worth \$2,000 should be hauled and a loss occur, the assured would realize payment of only 50% of the loss. The "insurance to value" clause appears in nearly every form of inland marine insurance, so the firm says it is of the utmost importance on such risks that agents carefully watch the amount of insurance and the value of the property insured.

dorsed with the recommendation of the company general agent or official."

As long as competition is conducted on safe and sane lines and does not weaken the public protection or threaten the economic structure of the companies, "it is a healthy thing and tends to work towards a greater measure of service, a keener initiative with a corresponding all-round benefit to the public and a more efficient administration of company affairs," Mr. La France stated. He warned that any measures tending toward or designed to restrict competition will not be regarded with favor by his department.

## Father Draft Is Ominous

(CONTINUED FROM PAGE 1)

ise a better chance of deferment than an insurance position. Of course, due to the variety of revisions of the system that have been made since it was instituted, many of those affected are likely to feel that this is not necessarily the final word and the possibility of Congressional action during October is being taken into consideration.

One of the changes consists of an increase in the so-called non-deferrable list. It is stipulated that all men of military age must transfer from jobs on that list or be placed first on the list for induction by local boards. This, according to the regulations, will insure that the first fathers to be drafted "will be those who are contributing least to the war effort."

Insurance is not on that list. If it had been so listed it would have been in incongruous company. The announcement states that between essential activities and non-deferrable activities are many activities which are not classified. It is in that bracket that insurance lies although insurance is nowhere listed nor is it mentioned specifically in the announcement. "Lawyers and bankers, taxi drivers, and many in other fields are not included in any of the lists," the announcement states. "They are still subject to the rules as they apply in the ordinary change order of call."

Insurance is obviously in one of the "other fields" and lawyers and bankers are certainly better company than fortune-tellers, lavatory attendants, pet shops, Turkish baths, etc., that are on the non-deferable list.

Insurance is not on the newly established critical list and there can be no legitimate quarrel with that fact, as the critical list pertains exclusively to manual and scientific skills. Insurance leaders have never sought to have insurance treated as a deferrable occupation but they have been anxious lest insurance employment or insurance selling activity be given a debased rank so as to cause wholesale exodus from it. The selective service system has certainly not taken any action to degrade the insurance business and most observers believe that it has received fair and logical treatment.

Here and there members of local draft boards have indicated personal

## CANADIAN

### La France Urges Closer Cooperation

QUEBEC—Further cooperation from agents to help his office to clean house and to remove remaining undesirable conditions which still obtain in the agency field, is urged by Insurance Superintendent La France of Quebec. The stage has been reached where much more effective action must be taken, and his office is going to take such action where anything is found to be wrong, he declared.

While the number of agents has been reduced, this has not been done to enable the remaining agents to make more money but to give the public better protection and better service by confining the agency representation to those best suited by knowledge and experience, he stated. "Unfortunately, there are still too large a number of agents and brokers who do not live up to their responsibilities; too many rebaters; and too many who receive and accept business from persons not authorized to transact insurance. This may be difficult to eradicate, but we have reached a stage where we must clean house and it is up to all of us, or to the department in the absence of the agents' support, to clean up what may be still remaining of this undesirable state of affairs."

### Criticizes Company Men

Although the insurance department has been "somewhat slow in getting through as quickly as some would like them to go," Mr. La France admitted, "it is rather a delicate and difficult task to decide whether an applicant should or should not be given a license."

"There appear to be a few general agents of companies who apparently are unaware that there are rules and regulations governing the licensing of agents. If there are any who should know the rules, it should be the chief officials of the companies. Too often we get applications from persons who are outside the rules, and these applications are en-

## MARINE INSURANCE NEWS

### Laundry's Insurance Charge Is Probed in San Francisco

SAN FRANCISCO—In a confidential bulletin to members the San Francisco Better Business Bureau reports that it had instigated an inquiry into the insurance transactions of a local laundry which recently had a serious fire in which many customers lost their goods. Customers had complained that although they paid 1 cent a bundle for insurance against fire and theft they had received no reimbursement for the losses or had been offered small sums.

At a hearing conducted by the district attorney's office, at the request of the bureau, it was brought out that the laundry carried no such insurance as that charged for at the rate of 1 cent a bundle; that the owner carried only \$3,000 of fire insurance on his equipment. The bureau is urging that an investigation be made to determine if charging for insurance without providing the protection is a practice among San Francisco laundries.

This situation in San Francisco recalls the case of the Briarcliff Laundry in Atlanta which was reported in the July 29 edition. The Briarcliff Laundry had been charging 1 cent per bundle for "insurance" but carried only a \$1,000 bailee's customers policy. The laundry had a fire and the loss to customers is estimated at \$200,000. Commissioner Parker of Georgia is reported to have instituted an investigation.

### Other States Reply to Mich. on P. P. F.

LANSING, MICH.—Replies, none of them so far adverse, are beginning to come in to the Michigan department from other states queried by Commissioner Forbes as to whether they objected to having their domiciliary companies write personal property floater coverage in Michigan under the 1943 act which became effective July 30.

Commissioner Forbes first asked the companies located in states where the P. P. F. form has not been legalized to obtain statements from their home departments that they would not object to having the companies write the line in Michigan if their charters were sufficiently broad. Some companies objected to this procedure or at least commented that no other states had made such a requirement, so the commissioner then

contacted the other state departments directly, asking a statement from them as to their attitude in the matter.

States that have declared themselves as having no objections to their companies writing the line here so far include Delaware, New Hampshire and New Jersey. New Hampshire's department quoted a new law specifically defining the personal property floater as a legal coverage and New Jersey also quoted its statute as making the line permissible.

The New York department acknowledged the receipt of Commissioner Forbes' request but said only that it was "giving consideration" to the matter and would notify the Michigan authorities when its policy had been determined. No replies have been forthcoming from Pennsylvania and Massachusetts.

Hartford Accident filed a letter of approval it had obtained from the Connecticut department in accordance with the initial request of the Michigan commissioner. The Michigan law permits both fire and casualty carriers, if their charters are sufficiently broad, to write P. P. F. but it had not been expected that many casualty carriers would enter the field.

### Ingenuity Used in Recovering a Ring

Aetna Fire relates an instance of diving efficiency in recovering a diamond ring which it had insured. The ring was lost at the bottom of a lake, the water being 6½ feet deep. The area in which the diver hoped to locate the ring comprised about 100 square feet. Ed Schoen, casualty claims adjuster of the Century Indemnity, who did the work, was a former Olympic diving champion. After surveying the muddy, silty lake bottom, he took with him four underwater markers and set off an area of about two square feet for intensive search. These markers were moved as the search progressed. The silt covering the lake bottom was about eight inches deep and hindered the work. However, he finally found the diamond after he covered the 33rd square.

### Should Check All Truck Cargo Lines

L. E. Ellis & Co., general agents in Des Moines, say that every agent writing cargo and other inland marine coverages should check all cargo policies



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prejudice against insurance men and have pushed them around but these have been purely local situations. Recently reports have been heard of draft boards summoning insurance men that are married and have no children and advising them that they would be drafted unless they got into some war industry. That has been, however, gratuitous advice.

The regulations are still so elastic that it would be impossible for an insurance man to apprehend just where he would stand in regard to deferment should he take a job in a war industry. When it gets down to cases the local board would undoubtedly take into consideration he was not an experienced man on the job and at best he might gain only a month or two or three by such a move.

Of course an insurance man who has a skill in the list of critical occupations can get a pretty secure deferment but the number so situated is limited.

#### Psychological Effect

Some got the general impression that these latest changes and the announcement of them were intended among other things, to cause a drift of employment towards more war essential work.

From the insurance management viewpoint it would be far better for employees and agents to stay put until they are called to uniform because it seems obvious that by no means all of the physically fit fathers will be taken. The present feeling is that not more than 300,000 fathers will be called this year.

Not only will the drafting of fathers be a body blow to many insurance offices but it will still further reduce the possible field for replacement. In getting new employees, insurance companies have for months been putting a high value upon men in their thirties that have children. Even though the draft of fathers has been a possibility for some time, yet it was quite certain that this group would be the last to go and there seemed to be a chance that such men might not be needed at all.

Even in the emergency, insurance managements have been reluctant to load up with older men. They have tried to take the future into account as much as possible and to make as small a compromise with expediency as they could. Some of the companies have called former employees back from retirement.

Now, if the drafting of fathers becomes general insurance offices may have to resign themselves to much more severe compromises in their personnel programs and to still further simplifying their routines and services.

Some of the big life insurance companies a year or so ago made a detailed study of their operations and graded each step as to essentiality so that they would know when and if the emergency arose, what steps could be eliminated without stopping the collection of premiums or the payment of claims. It may be that these companies will now have to prune much closer to the roots according to the schedule and other companies that have not been so foresighted will have to do so by instinct.

#### Frank Bell Presents Plea for Greater Cooperation

(CONTINUED FROM PAGE 3)

ing agents, no legislation of this kind in any state would be necessary or sought. I say, without fear of contradiction that the company appointments and actions have forced the issue into many state

legislatures. We here in West Virginia have tolerated promiscuous company appointments for many years until it had gotten so bad we were forced to seek some protection in our legislation at the past session. Incidentally, such legislation in 48 states every two years has cost the companies huge sums of money over the years, and after all, these huge sums of money land on the shoulders of the property owner.

"Twenty years ago, there were just about as many fire companies operating as there are today, but many of these were small individual companies operating in a limited territory, conservatively, and did not seek representation in every locality. Along about the time I mention the larger companies commenced to buy in the smaller individual companies and formed groups of from two to 12. Then they commenced to seek representation for all of these 'pup' companies in every city, town and hamlet.

#### Became More Aggressive

"In other words, when they got under the wing of a large company group they became aggressive for representation throughout the whole territory. This is the cause, to a large measure, of the horde of non-service rendering agents to which I have referred.

"We were told by the company executives when all of this was going on that the subsidiary companies would be feeders for the parent company, thereby reducing the acquisition cost. What does the record show? Not a decrease in acquisition cost to the companies, including subsidiary companies, but an increase in the acquisition cost by several points.

#### AGREEMENT URGED

"I think the time has arrived for the companies and agents to go into a huddle and reach an agreement on future agency appointments—a clearly defined rule pertaining to company appointment. It can be safely said that this would tend to lower acquisition cost.

#### Would Reduce Field Forces

"I think field forces should be materially reduced, thereby tending to lower acquisition costs. I think the companies should reduce the number of bureaus, pools and associations and work towards more uniformity, which would tend to lower acquisition costs.

"I think the time has come for a ceiling to be placed on commissions for the different classes country-wide for all stock companies, provided, of course, that they will agree to eliminate, or at least greatly reduce, the appointment of non-service rendering agents, all of which will tend to lower acquisition costs. I think the various groups of companies should by agreement retire proportionately some of their subsidiary companies, which would have a tendency to lower acquisition costs.

#### Acquisition Cost Plus Service

"After all, acquisition cost plus service rendered the public, is the key to our industry's success or failure. As to acquisition costs I submit to you and to the companies that it should be whipped

down to the very minimum and the legitimate agents should cooperate to the fullest extent. However, the agents should not be placed in the position to take the whole rap in any reduction in acquisition. As to the service end, I submit to you and to the companies that the proper service cannot be rendered to the public through part-time irresponsible and side-line agents.

"Companies and agents should be able to unite. There should be closer cooperation between companies and agents in the future than we have ever had in the past for solving our mutual problems. By cooperation I do not mean surrender by the companies to the agent, or by agents to the companies. By cooperation I mean that both sides should jointly bring forth better efficiency for the benefit of the public. I realize that it is not always easy for companies or agents to agree within their own organizations on the many problems confronting our business. There is no doubt in my mind, however, that there is enough constructive thought within our respective ranks if it could be properly coordinated, to solve many of our pressing problems.

"I am pleading for the many thousands of agents that have made the local agency business their life work, and for a real constructive program of a cooperative nature as between the companies and the producers. We should get our house in the best of order and keep it that way according to the times. If we do not solve some of our problems, someone will no doubt solve them for us in the not too distant future. We must think straight and fast."

Thomas J. Healy, partner in Duncan & Mount, attorneys for London Lloyds, is convalescing at his home in Westfield, N. J., following an operation for kidney stone. He has been away from his office for the past two months but is making a good recovery and expects to be back at his desk next Monday.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago, at close of business August 16, 1943.

	Par	Div.	Bid	Asked
Aetna Cas. ....	10	5.00*	139	143
Aetna Fire ....	10	1.80*	54	56
Aetna Life ....	10	1.40*	35	36 1/2
Amer. Alliance ..	10	1.20*	22 1/2	24
Amer. Equitable ..	5	1.00	20	21
Amer. Home ....	10	...	10	11
Amer. (N. J.) ....	2.50	.60*	15	16
Amer. Surety ....	25	2.50	60	62
Balti.-Amer. ....	2.50	.40*	7 1/2	8
Boston ....	100	21.00	600	625
Camden Fire ....	5	1.00	21	22
Contl. Cas. ....	5	1.50*	39 1/2	40 1/2
Cont. N. Y. ....	2.50	2.20*	46	48
Fidelity-Phen. ....	2.50	2.20*	47 1/2	49
Fire Ass'n. ....	10	2.50*	70	72
Firemen's (N. J.) ..	5	.40	12 1/2	13 1/2
Fireman's Fund ..	10	3.00	35	37
Franklin Fire ....	5	1.40*	28	29 1/2
Gen. Reinsur. ....	5	2.00	49	51
Glens Falls ....	5	1.60	42 1/2	45
Globe & Repub. ....	5	.50	9 1/2	10 1/2
Gt. Amer. Fire. ....	5	1.20*	29	30
Gt. Amer. Ind. ....	2	.20	12 1/2	14
Hanover Fire ....	10	1.20	27 1/2	29
Hartford Fire ....	10	2.60*	98	102
Home (N. Y.) ....	5	1.60	30 1/2	31 1/2
Ins. Co. of N. A. ..	10	3.00*	81	83
Maryland Cas. ....	1	...	5 1/2	6
Mass. Bonding. ....	12.50	3.50	75	78
Mer. (N.Y.) Com. ....	5	2.00*	50	53
Natl. Cas. ....	10	1.00	24	26
Natl. Fire ....	10	2.00	61 1/2	63
Natl. Liberty ....	2	.40	7 1/2	8 1/2
Natl. Un. Fire. ....	20	5.00*	190	195
New Amst. Cas. ....	2	1.00	27 1/2	29
New Hamp. ....	10	1.80*	45	47
North River ....	2.50	1.00	24 1/2	26
Ohio Cas. ....	5	.70	20 1/2	22 1/2
Phoenix, Conn. ....	10	3.00*	90	93
Preferred Accl. ....	5	1.00	14 1/2	15 1/2
Prov. Wash. ....	10	1.40*	36	38
St. Paul F. & M. ....	62.50	10.00*	300	310
Security, Conn. ....	10	1.40	36 1/2	38
Sprgfd. F. & M. ....	25	4.75*	126	131
Standard Accl. ....	10	2.50	70	72
Travelers ....	100	16.00	480	495
U. S. F. & G. ....	2	1.50*	36	37 1/2
U. S. Fire. ....	4	2.00	50	52

\*Includes extras.

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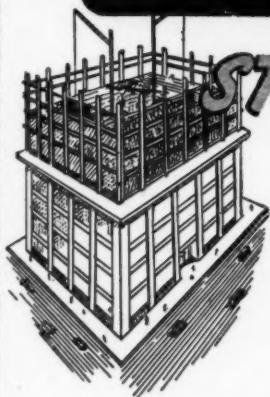
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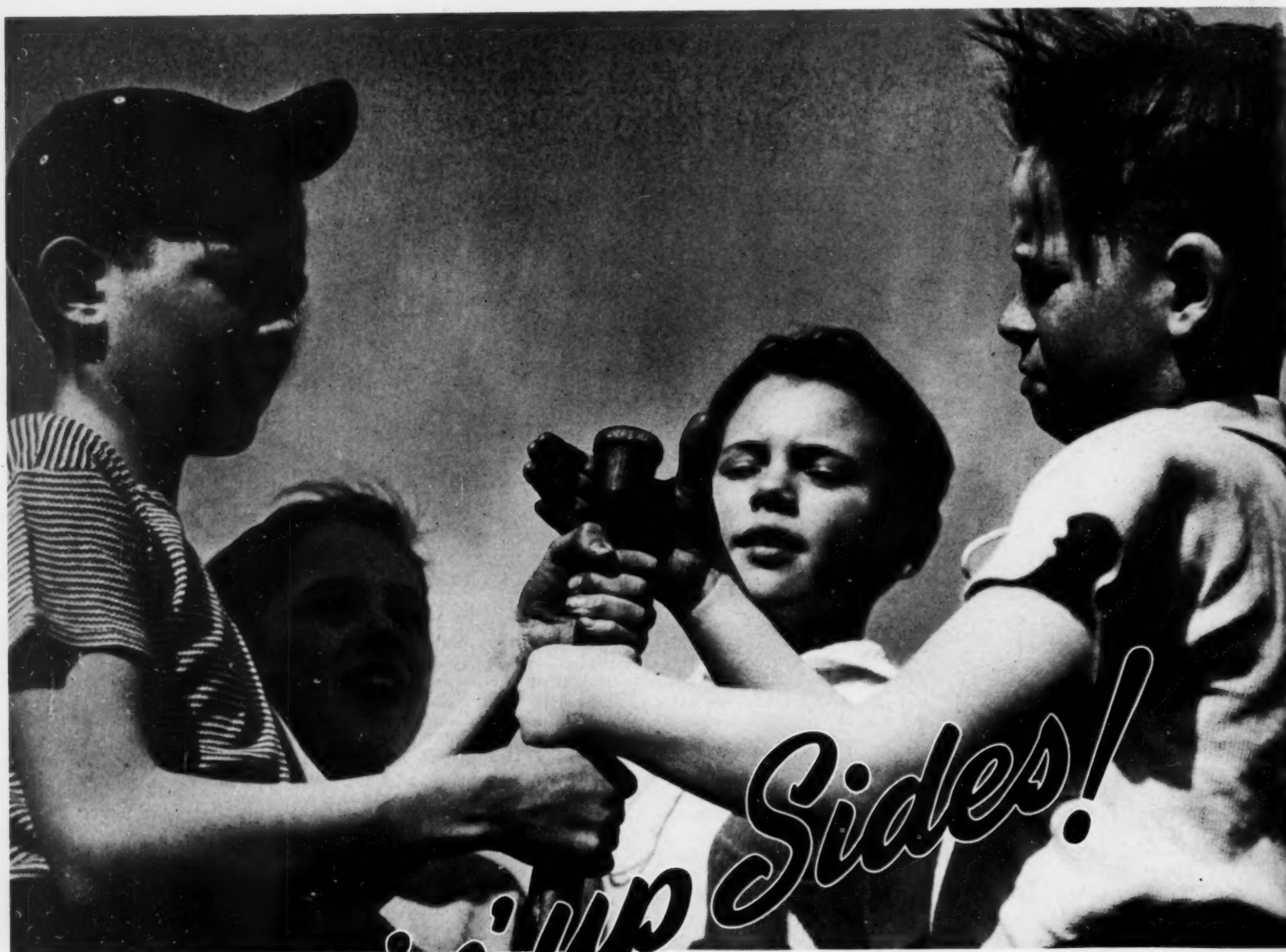
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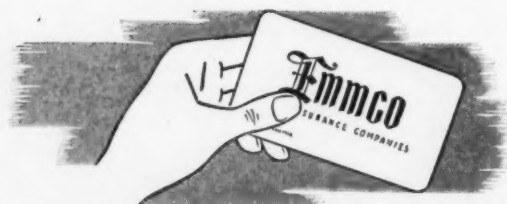
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